

THE IMPACT OF SEQUESTRATION ON THE NATIONAL DEFENSE

HEARING BEFORE THE COMMITTEE ON ARMED SERVICES UNITED STATES SENATE ONE HUNDRED THIRTEENTH CONGRESS FIRST SESSION

NOVEMBER 7, 2013

Printed for the use of the Committee on Armed Services



Available via the World Wide Web: <http://www.fdsys.gov/>

U.S. GOVERNMENT PRINTING OFFICE

88-640 PDF

WASHINGTON : 2014

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

COMMITTEE ON ARMED SERVICES

CARL LEVIN, Michigan, *Chairman*

JACK REED, Rhode Island	JAMES M. INHOFE, Oklahoma
BILL NELSON, Florida	JOHN MCCAIN, Arizona
CLAIRE McCASKILL, Missouri	JEFF SESSIONS, Alabama
MARK UDALL, Colorado	SAXBY CHAMBLISS, Georgia
KAY R. HAGAN, North Carolina	ROGER F. WICKER, Mississippi
JOE MANCHIN III, West Virginia	KELLY AYOTTE, New Hampshire
JEANNE SHAHEEN, New Hampshire	DEB FISCHER, Nebraska
KIRSTEN E. GILLIBRAND, New York	LINDSEY GRAHAM, South Carolina
RICHARD BLUMENTHAL, Connecticut	DAVID VITTER, Louisiana
JOE DONNELLY, Indiana	ROY BLUNT, Missouri
MAZIE K. HIRONO, Hawaii	MIKE LEE, Utah
TIM KAINE, Virginia	TED CRUZ, Texas
ANGUS KING, Maine	

PETER K. LEVINE, *Staff Director*

JOHN A. BONSELL, *Minority Staff Director*

CONTENTS

CHRONOLOGICAL LIST OF WITNESSES

THE IMPACT OF SEQUESTRATION ON THE NATIONAL DEFENSE

NOVEMBER 7, 2013

	Page
Odierno, GEN Raymond T., USA, Chief of Staff of the Army	4
Greenert, ADM Jonathan W., USN, Chief of Naval Operations	13
Amos, Gen. James F., USMC, Commandant of the Marine Corps	22
Welsh, Gen. Mark A., III, USAF, Chief of Staff of the Air Force	28

THE IMPACT OF SEQUESTRATION ON THE NATIONAL DEFENSE

THURSDAY, NOVEMBER 7, 2013

U.S. SENATE.
COMMITTEE ON ARMED SERVICES,
Washington, DC.

The committee met, pursuant to notice, at 9:37 a.m. in room SD-G50, Dirksen Senate Office Building, Senator Carl Levin (chairman) presiding.

Committee members present: Senators Levin, Reed, Udall, Manchin, Shaheen, Gillibrand, Blumenthal, Donnelly, Hirono, Kaine, King, Inhofe, McCain, Sessions, Chambliss, Wicker, Ayotte, Fischer, Graham, Vitter, Blunt, Lee, and Cruz.

Committee staff members present: Peter K. Levine, staff director; and Leah C. Brewer, nominations and hearings clerk.

Majority staff members present: Jonathan D. Clark, counsel; Gabriella E. Fahrer, counsel; Creighton Greene, professional staff member; Gerald J. Leeling, general counsel; Jason W. Maroney, counsel; Mariah K. McNamara, special assistant to the staff director; Michael J. Noblet, professional staff member; Roy F. Phillips, professional staff member; John H. Quirk V, professional staff member; and William K. Sutey, professional staff member.

Minority staff members present: John A. Bonsell, minority staff director; Adam J. Barker, professional staff member; Steven M. Barney, minority counsel; William S. Castle, minority general counsel; Allen M. Edwards, professional staff member; Thomas W. Goffus, professional staff member; Ambrose R. Hock, professional staff member; Anthony J. Lazarski, professional staff member; Daniel A. Lerner, professional staff member; Gregory R. Lilly, minority clerk; and Lucian L. Niemeyer, professional staff member.

Staff assistants present: Daniel J. Harder, John L. Principato, and Brendan J. Sawyer.

Committee members' assistants present: Carolyn A. Chuhta, assistant to Senator Reed; Christopher R. Howard, assistant to Senator Udall; Patrick T. Day and Joshua Lucas, assistants to Senator Shaheen; Brooke Jamison, assistant to Senator Gillibrand; Ethan A. Saxon, assistant to Senator Blumenthal; Marta McLellan Ross, assistant to Senator Donnelly; Nick Ikeda, assistant to Senator Hirono; Karen E. Courington, assistant to Senator Kaine; Stephen M. Smith, assistant to Senator King; Donelle Harder, assistant to Senator Inhofe; Paul C. Hutton IV, assistant to Senator McCain; Todd P. Harmer, assistant to Senator Chambliss; Joseph G. Lai, assistant to Senator Wicker; Bradley L. Bowman, assistant to Senator Ayotte; Craig R. Abele, assistant to Senator Graham; Joshua

S. Hodges, assistant to Senator Vitter; Charles W. Prosch, assistant to Senator Blunt; Robert C. Moore, assistant to Senator Lee; and Jeremy H. Hayes, assistant to Senator Cruz.

OPENING STATEMENT OF SENATOR CARL LEVIN, CHAIRMAN

Chairman LEVIN. Good morning, everybody. The committee meets this morning to consider the impact on our national security of sequestration required by the Budget Control Act (BCA). We welcome today our Nation's Service Chiefs: Chief of Staff of the Army, General Raymond Odierno; Chief of Naval Operations, Admiral Jonathan Greenert; the Commandant of the Marine Corps, General James Amos; and the Chief of Staff of the Air Force, General Mark Welsh.

I'd like to thank our witnesses on behalf of the committee for their service to our Nation and for the service provided by the men and women with whom they serve, many of whom as we meet here are in harm's way. We also appreciate the important contribution made by our 800,000 Department of Defense (DOD) civilians, a talented workforce that has been hard hit by both sequestration and the government shutdown.

Sequestration is arbitrary and irrational. While we will learn more today about its impacts on our national defense, with sequestration, as with Continuing Resolutions (CR), government shutdowns, and the recurring looming threat of a default on the Nation's debt, we not only fail to sustain our national security, but also fail to meet our shared obligation to protect and promote public safety, health, transportation, education, and the environment. When we allow this to happen, we put at risk much of what we do and stand for as a Nation and we undermine our position in the world.

Throughout the 2 years since the enactment of the BCA and its provisions for sequestration, our military leaders have been warning us of its harmful consequences. If sequestration continues, the Services will have to cut Active and Reserve component end strength, reduce force structure, defer repair of equipment, delay or cancel modernization programs, and allow training levels to seriously decline, which will reduce our ability to respond to global crises, thereby increasing our Nation's strategic risk.

Sequestration has raised questions among our allies about our ability to manage our affairs, has introduced uncertainty into the availability of resources to support operations in Afghanistan and around the world, has accelerated the decline of a non-deployed force whose reduction was seriously underfunded for more than a decade before sequestration, and has painfully furloughed much of our dedicated defense civilian workforce.

I know that our senior military leaders are deeply troubled by the impact of sequestration on morale of both our military and civilian workforces. It makes little sense to tell members of our military that we'll pay their salaries, but we can't afford to train them. We can't justify telling our dedicated civilian workforce, many of whom are veterans and some of whom are disabled veterans, that they aren't essential and that they're going to be furloughed and they're not going to be paid.

Another year of sequestration only compounds the damage that will be done to our forces and our national security. If sequestration is allowed to continue into fiscal year 2014 and beyond, we will be left with a smaller and less ready military that is significantly less capable of protecting our interests around the world.

I look forward to the testimony of our witnesses on the impact that sequestration is already having and will have on DOD and on our national security.

We're all delighted to have Jim Inhofe back with us today in full force and looking terrific. Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman. I appreciate it very much. I had made a request to have this hearing and another one before this after the House had their Strategic Choices and Management Review (SCMR) hearing. It's my concern, Mr. Chairman, that everything you said is true, but the general public is not aware of the crisis that we're faced with right now.

Over the last 5 years, the significant cuts to our national security spending have forced our men and women to endure a steep and damaging drop in capabilities and readiness. We'll have a chance to talk about this, incidentally, during the questions. Our naval fleet is at a historical low level, the Air Force the smallest in its history. The Army may shrink to a force we haven't seen since the turn of the 20th century.

As our security is being threatened by terrorism, China and rising rogue nations like Iran and North Korea, the men and women charged with protecting this Nation are being undermined and forced to endure devastating cuts to the tools that they need to keep America safe. We've been told that over the next 3 years as much as \$150 billion in sequester cuts will be taken from accounts used to make sure that our military men and women are better trained and equipped. We'll show that with these charts.

I know some Americans are wondering why this matters. These cuts may affect their everyday lives. The simple reality is that the world around us is not getting any safer. I've often said that recently—I look back wistfully at the days of the Cold War. Things were predictable. That's not the case anymore. You have rogue nations that have the ability and are developing the ability to have weapons of mass destruction (WMD) and delivery systems, and we know that's happening. It's just something that, hopefully, this hearing will bring this to the attention of the American people.

The tide of war isn't receding. It's America's leadership, trust in American security partners, and our ability to protect this country that's receding. We're already seeing the effects of an absent America. We're at a point where our allies don't trust us and our enemies don't fear us.

As America retreats from its role as a global leader, we'll have more failed states like Syria and Libya as breeding grounds for terrorism. We'll have more brutal dictators like Kim Jong-un acquiring WMD and more aggressive adversaries like China attempting to bully our partners in the South China Sea, but we'll have fewer options of how to deal with them.

This is why I'm so troubled with the disastrous path that we're on. In the face of the mounting threats to America, we're crippling our military, the very people who are vital to our security. Our

military leaders use the term “hollow” to define the forces of the future.

The Chairman of the Joint Chiefs warned us that continued national security cuts will, and I’m quoting now, “severely limit our ability to implement our defense strategy, it will put the Nation at greater risk of coercion, and it will break faith with the American people.”

Another quote that I carry with me is one that Admiral Winnefeld, our number two person in the overall military that we have, said: “There could be a time—it would be for the first time in my career instances where we may be asked to respond to a crisis and we’ll have to say that we cannot.”

This faith is sacred to me. Our Nation relies on a small part of our population to volunteer to risk their lives in our behalf. The faith is being threatened by a growing divide between the security our Nation expects and the resources being provided them to give us that security.

Our witnesses testified before the House in September about the potential of not having the readiness capabilities to succeed in even one major contingency operation (MCO). Now, that’s something that all of us assume and most Americans assume, that we still could defend against two MCOs. It’s just not true. In fact, if we have to go through with sequestration we may not be able to do even one. That’s why it’s so important that we hear from you folks that have the credibility to make sure that the American people understand this.

I think about peace obtained through strength. We know that Ronald Reagan’s probably rolling over in his grave right now, seeing what’s happened to the military strength of this country. That’s what this hearing’s all about, Mr. Chairman, and I look forward to this being an opportunity for all of us at this table to use the information that comes from this hearing to make America aware of the problems that are facing us.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you so much, Senator Inhofe.
General Odierno.

**STATEMENT OF GEN RAYMOND T. ODIERNO, USA,
CHIEF OF STAFF OF THE ARMY**

General ODIERNO. Chairman Levin, Ranking Member Inhofe—sir, it’s great to see you back—and other distinguished members of this committee: Thank you for the invitation to speak today.

If you’d just indulge me for just a few seconds, I’d like to begin by recognizing the exceptional service and life of Congressman Ike Skelton. As the Chairman of the House Armed Services Committee, he was an incredible leader, mentor, and champion of our soldiers, civilians, and their families. What was interesting, though, in his farewell address, he made a comment that I think is appropriate for the conversation we’re having today when he remarked:

“I’ve always considered each young man and woman in uniform as a son or daughter. They are national treasures and their sacrifices cannot be taken for granted. They are not chess pieces to be moved upon a board. Each and every one is irreplaceable.”

I think those words are very important today as we talk about the readiness of our force and as we consider future budget cuts and their impact on our national defense. It is imperative that we keep foremost in our minds the impact that this has on the young men and women, our soldiers, who we ask to go forward and protect this Nation.

Previous drawdowns have taught us that the full burden of an unprepared and hollow force will fall on the shoulders of our men and women in uniform. We have experienced this too many times in our Nation's history to repeat this egregious error again.

It may be popular to proclaim that we are entering a new age where land wars are obsolete. Yet history is rife with the wars that leaders knew would never be fought. In the summer of 1914, an influential British journal declared that, "The world is moving away from military ideals and a period of peace, industry, and worldwide friendship is dawning." New technologies, such as airplanes, machine guns, dynamite, and radios were said to make war ridiculous and impossible. Yet, the next year we will mark the 100th anniversary of the War to End All Wars.

I could give you an example like that for every major conflict we've been in, that before that conflict there were many comments that said we would never fight wars again, we would never send our soldiers into harm's way, but we did. In each case it was significant consequences to the men and women who wore the uniform, whether it be in Korea with Task Force Smith or whether it be in Vietnam in the initial days of Vietnam. We cannot allow that to happen again.

Throughout our Nation's history, the United States has drawn down military forces at the close of every war. This time, however, we are drawing down our Army not only before a war is over, but at a time where unprecedented uncertainty remains in the international security environment. The total Army—the Active Army, the Army National Guard, and the U.S. Army Reserves—remains heavily committed in operations overseas as well as at home.

As we sit here today, more than 70,000 U.S. Army soldiers are deployed to contingency operations, with nearly 50,000 soldiers in Afghanistan alone. Additionally, there are more than 87,000 soldiers forward stationed across the globe in nearly 120 countries.

During my more than 37 years of service, the U.S. Army has deployed soldiers and fought in more than 10 conflicts, including Afghanistan, the longest war in our Nation's history. No one desires peace more than the soldier who has lived through war. But it is our duty as soldiers to prepare for it. As Chief of Staff, it's my responsibility to man, train, and equip the force to provide America with the best Army possible. As a member of the Joint Chiefs of Staff, it's my responsibility to provide my best military advice to ensure the Army is capable of meeting our national security needs.

If Congress does not act to mitigate the magnitude, method, and speed of the reductions under the BCA with sequestration, the Army will be forced to make significant reductions in force structure and end strength. Such reductions will not allow us to execute the 2012 Defense Strategic Guidance (DSG) and will make it very difficult to conduct even one sustained major combat operation.

From fiscal year 2014 to fiscal year 2017, as we draw down and restructure the Army into a smaller force, the Army will have a degraded readiness and extensive modernization program shortfalls. We'll be required to end, restructure, or delay over 100 acquisition programs, putting at risk programs such as the Ground Combat Vehicle, the Armed Aerial Scout, the production and modernization of our other aviation programs, system upgrades for unmanned aerial vehicles, and the modernization of our air defense command and control systems, just to name a few.

From fiscal year 2018 to fiscal year 2022, we will begin to rebalance readiness and modernization. However, this will only come at the expense of significant reductions in the end strength and force structure. The Army will be forced to take additional end strength cuts from a wartime high of 570,000 in the Active Army, 385,000 in the Army National Guard, and 205,000 in the U.S. Army Reserves to no more than 420,000 in the Active Army, 315,000 in the Army National Guard, and 185,000 in the U.S. Army Reserves.

This will represent a total Army end strength reduction of more than 18 percent over 7 years, a 26 percent reduction in the Active component, a 12 percent reduction in the National Guard, and a 9 percent reduction in the U.S. Army Reserves. This will also cause us to reduce our brigade combat teams by 45 percent.

Ultimately, the size of our Army will be determined by the guidance and funding provided by Congress. It is imperative that Congress take action to mitigate the needed sequestration reductions.

I do not consider myself an alarmist. I consider myself a realist. Today's international environment's emerging threats require a joint force with a ground component that has the capability and capacity to deter and compel adversaries who threaten our national security interests. The BCA and sequestration severely threaten our ability to do this.

In the end, our decisions today and in the near future will impact our Nation's security posture for the next 10 years. We've already accepted nearly \$700 billion in cuts to DOD. Today, we have the premier Army in the world. It is our shared responsibility to ensure we remain the premier Army and the premier joint force in the world.

Thank you very much, Mr. Chairman. I appreciate the opportunity to talk.

[The prepared statement of General Odierno follows:]

PREPARED STATEMENT BY GEN RAYMOND T. ODIERNO, USA

Chairman Levin, Ranking Member Inhofe, and other distinguished members of the committee, thank you for the opportunity to speak with you about the reduced discretionary caps in 2014 and the continued threat of sequestration under current law, as well as the strategic choices facing the Army.

Let me begin by thanking each member of the committee for your support and commitment to U.S. Army soldiers, civilians, and families particularly while we remain at war and with the specter of great fiscal challenges and strategic uncertainty. The Nation's investment in the Army over the past decade has been decisive in ensuring the success of American soldiers on the battlefield and achieving our national security objectives.

RESOURCING THE ARMY

Throughout our history, we have drawn down military forces at the close of every war. This time, however, we are drawing down our Army before the war is over and at a time when there is grave uncertainty in the international security environment.

Today, the Total Army—the Active Army, the Army National Guard, and the U.S. Army Reserve—remains heavily committed in operations overseas and at home. More than 70,000 soldiers are deployed, including nearly 50,000 soldiers in Afghanistan, and more than 87,000 soldiers are forward-stationed across the globe.

We have also learned repeatedly from previous drawdowns that the costs of creating an under-resourced and under-prepared Army will ultimately fall on the shoulders of our soldiers who will deploy and respond to future contingencies. We have experienced this too many times to repeat this egregious error again. As Chief of Staff, it is my responsibility to provide my best military advice in order to ensure the Army will meet our national security needs in the complex, uncertain environment of the future. It is imperative that we preserve decision space for the Commander in Chief, the Secretary of Defense, and Congress. Together, we must ensure our Army can deliver a trained and ready force that deters conflict and compels our adversaries and, when necessary, has the capability and the capacity to execute a sustained, successful major combat operation.

During my more than 37 years of service, the U.S. Army has deployed soldiers and fought in more than 10 conflicts including in Afghanistan, the longest war in our Nation's history. No one can predict where the next contingency will arise; we only know the lessons of the past. In every decade since World War II, the United States has deployed U.S. Army soldiers to defend our national security interests. Unfortunately, there is little to convince me that we will not ask our soldiers to deploy again in the near future.

If the magnitude and speed of the discretionary cap reductions remain, the Army will not be able to fully execute the 2012 Defense Strategic Guidance requirements. From fiscal year 2014 to fiscal year 2017, as we continue to draw down and restructure the Army into a smaller force, the Army will have significantly degraded readiness and extensive modernization program shortfalls. Only in fiscal year 2018 to fiscal year 2023 will we begin to rebalance readiness and modernization. But this will come at the expense of significant reductions in force structure and end strength, which will not allow us to execute the 2012 Defense Strategic Guidance and, in my opinion, will make it very difficult for the Army to conduct one sustained major combat operation.

PAST BUDGETARY PRIORITIES AND REDUCTIONS

In the years since 2003, the Army has relied heavily on Overseas Contingency Operations (OCO) funding to build and maintain the core competencies and readiness for operations overseas. OCO funds have been used to meet immediate operational needs and to fill voids in soldier training and modernization procurement.

Prior to 2003, the Army used major exercises at our combat training centers to ensure the readiness of our brigade combat teams (BCT). The Army began shifting the focus of these exercises from training for the full range of combat operations to preparing for more limited stability or counterinsurgency (COIN) operations in support of ongoing wars. In 2011, the Army began reintroducing training for combined arms with scenarios replicating the complex nature of future warfare in an effort to restore the core warfighting skills that had atrophied after a decade of COIN-focused operations. The Army had intended in 2013 for all Army brigades not scheduled to deploy to Afghanistan to train for these critical combat functions in their Combat Training Center (CTC) exercises. Unfortunately, our goal to begin rebuilding these core warfighting skills in fiscal year 2013 has not been realized due to the effects of sequestration. This will be compounded as we potentially face further reductions to our training accounts in fiscal year 2014 and fiscal year 2015 due to the reduced caps.

Over the past 3 years, the Army has absorbed several budget reductions in the midst of conducting operations overseas and rebalancing the force to the wider array of missions called for in the 2012 Defense Strategy Guidance. In 2010, under Secretary Gates, DOD developed a 10-year plan to achieve nearly \$300 billion in efficiencies. To comply with the discretionary caps outlined in the Budget Control Act of 2011, the fiscal year 2013 budget proposed \$487 billion in DOD funding reductions over 10 years, of which the Army's share is an estimated \$170 billion. With the end of the Afghanistan and Iraq wars and after the collaborative development of the 2012 Defense Strategic Guidance, the Army agreed to reduce our end strength in order to maintain a balanced, ready and modern force. Ninety-eight percent of the Army's end strength reductions were taken from the Active Army. As a result, we are in the process of shrinking our Active Army by 14 percent from a wartime high of 570,000 to 490,000. At the same time, we are keeping the Army National Guard relatively constant, with a 2 percent reduction from 358,000 to 350,000, and retaining the Army Reserve at 205,000.

In conjunction with end strength reductions, on 25 June 2013, we announced changes to the Army force structure to reorganize 45 BCTs into 32 BCTs. In doing so, we will eliminate excess headquarters infrastructure while reinvesting the greater combat power of 95 of 98 combat battalions across the remaining BCTs. All of these end strength and force structure decisions were developed to respond to previous budget cuts and prior to the implementation of sequestration.

If the additional discretionary cap reductions required under current law continue, we will be forced to further reduce the Army end strength to 420,000 in the Active Army, 315,000 in the Army National Guard, and 185,000 in the U.S. Army Reserve. This would represent a Total Army endstrength reduction of more than 18 percent over 7 years—a 26 percent reduction in the Active Army end strength, to include a 45 percent reduction in Active Army BCTs; a 12 percent reduction in the Army National Guard; and a 9 percent in the U.S. Army Reserve.

SEQUESTRATION IMPACTS IN FISCAL YEAR 2013 AND FISCAL YEAR 2014

Sequestration has had a profound effect on our efforts to prepare units for future contingency operations. The continued implementation of the reduced discretionary caps, beginning in fiscal year 2014, will have drastic impacts across all aspects of Army readiness in training, equipment sustainment and modernization, military and civilian manning, and installation support.

TRAINING

In fiscal year 2013, the Army was forced to cancel CTC rotations for seven BCTs—the equivalent of two divisions—that were not slated to deploy to Afghanistan or serve in the Global Response Force. We had intended for all Active Army brigades not scheduled to deploy to Afghanistan to train on their critical core competencies, but we were forced to cancel all CTC rotations for nondeploying units, a total of seven cancelled CTC rotations. As a result, the Army has lost leader development opportunities for approximately 231 company commanders, 112 field grade officers, and 42 battalion commanders.

If sequestration-level reductions continue into fiscal year 2014, 85 percent of the Army's Active and Reserve component BCTs will not meet readiness levels appropriate for contingency requirements. Even the seven BCTs that have been funded for collective training at a CTC in preparation for an Afghanistan deployment will only be trained for the Train and Assist mission required for that theater; they will not be prepared for any other contingency operation.

Significant reductions in home station training combined with canceled CTC rotations equates to readiness levels that leave our BCTs unprepared to deploy. In the event of a crisis, we will deploy these units at significantly lower readiness levels. Our soldiers are adaptive and agile; over time they may accomplish their mission, but their success will come with the greater cost of higher casualties. This means that if these units are called upon to defend South Korea, or to secure chemical and biological weapons in Syria, the Commander in Chief will be forced to send soldiers into harm's way who have not trained as an integrated brigade combined arms team.

Twelve years of conflict have resulted in an extensive backlog in our leadership education and training programs due to reductions in schoolhouse capacity. For example, only 68 percent of majors, 75 percent of warrant officers, and 71 percent of noncommissioned officers have completed their critical professional military education (PME) courses necessary to effectively lead soldiers in current and future assignments. The opportunities lost to train the Army's mid-grade and senior leaders in CTC rotations, collective training, and institutional education will result in the promotion of Army leaders, who are not trained to maneuver units under fire and in combat, leading larger units and organizations. Finally, there continue to be extensive shortfalls in critical specialties and backlogs in institutional training. Fiscal year 2014 cuts will increase the current 200-seat backlog in Aviation Flight Training and will continue to erode the capacity in our sniper, Ranger, and language schools. Risk taken in training readiness cannot be quickly recovered. It takes an Active Army BCT 1 year to build full training readiness for unified land operations. Missed leader development opportunities will create a deficit that cannot be recovered.

EQUIPMENT SUSTAINMENT AND MODERNIZATION

Sequestration caused the Army to defer approximately \$716 million of fiscal year 2013 equipment reset (maintenance) into fiscal year 2014 and fiscal year 2015. For example, the fiscal year 2013 Continuing Resolution coupled with sequestration has contributed to a backlog of 172 aircraft awaiting maintenance. Sequestration has

also postponed the reset of nearly 700 vehicles, almost 2,000 weapons, over 10,000 pieces of communications equipment, Army Prepositioned Stocks, and numerous soldier equipment and clothing items. The Army was forced to cut routine maintenance for nondeployed units thereby creating an additional \$73.5 million in deferred maintenance costs that will carry over into fiscal year 2014. Sequestration also limited the Army's ability field software upgrades necessary to sustain network operations; creating substantial risk in the 135 systems that affect network security, systems operations, integration and information assurance. Altogether sequestration resulted in the release of nearly 2,600 civilian and contract personnel, eroding critical trade skills in fields such as engineering.

The Army is responsible for maintaining prepositioned sets of equipment that serve as the strategic hedge in critical regions of the world in order to allow for rapid deployment of soldiers in times of crisis. Sequestration has forced the Army to defer maintenance and delay the new equipment fielding of these sets—impacting each of the combatant commander's war plans.

In the event sequestration-level discretionary caps continue into fiscal year 2014, we will assume significant risk in our combat vehicle development and delay the fielding of Abrams training simulators by 2 years. In our aviation program, we cannot afford to procure a new Armed Aerial Scout helicopter; we will have to develop new organizational concepts to mitigate our shortfalls in Aerial Reconnaissance. We will reduce system upgrades for unmanned aerial vehicles. We will delay the modernization of our Apache helicopters. We will delay the modernization of Air Defense Command and Control systems. We will also delay modernization of critical Mission Command systems and the development of the Common Operating Environment that leverages enterprise technology to gain better interoperability, information security, and capability in our Mission Command software applications.

If reductions of that magnitude continue into fiscal year 2015 and beyond, every acquisition program will be affected. These reductions will significantly impact 100 modernization programs by not transitioning to production, terminating their funding, restructuring the program or significantly delaying their completion. This will be necessary to facilitate our ability to concentrate the available funds on priority programs in science and technology, Paladin Integrated Management, Armored Multi-Purpose Vehicle and the Joint Light Tactical Vehicle and multi-year aviation contracts.

Fiscal year 2013 sequestration cuts greatly impacted Army science and technology (S&T)—the seed corn of Army modernization and innovation. Sequestration nearly halved new basic research grants in fiscal year 2013 and affected grants at more than 120 universities in 38 States. If additional reductions continue, we expect that increasing numbers of Army scientists and engineers will move to private sector jobs, impacting Army S&T now and the development of new capabilities for the future. Applied research and advanced technology development efforts in key capability areas will be further impacted across all areas, including armor, high-energy lasers, anti-access/area denial technologies, electronic warfare, cyber, mission command, night vision, soldier training, medical research, operation and sustainment cost-cutting initiatives for Army systems and manufacturing technology efforts.

As these lower funding levels continue, we are increasingly concerned about the health of the industrial base and the subsequent consequences for the Army. Shrinking demands and production rates will tend to lead to higher proportional overhead costs and unit costs. Lower demand will also lead to the loss of trained and experienced workers, which will reduce industry's ability to respond to future requirements. Small businesses, which provide components and subcomponents for large end items and are less likely to have the capital resources to survive gaps in production, may shutter or leave the sector. The engineering and technical workforce necessary to design and develop new systems may migrate to other sectors or retire. Manufacturing skills in highly specialized areas such as aircraft integration and large caliber weapons are likewise difficult to replace if lost due to downsizing.

MANNING

Military Manning

The Army will strive to retain its most talented soldiers but will be forced to separate large numbers of high quality experienced, combat Veterans. For example, in fiscal year 2014, the Army will begin to convene boards to separate up to 30 percent of the Captains from Year Groups 2007, 2008, and 2009, the majority of whom have served multiple deployments in combat. The loss of experienced manpower will negatively impact short-term readiness and is likely to affect future recruitment and retention. Reductions in end strength will also impair manning readiness, as the

pool of non-available soldiers is averaging about 13 percent per year after 12 years of continuous operations.

Civilian Manning

This year, we furloughed approximately 197,000 civilian employees, 48 percent of whom are Veterans, forcing them to take a 20 percent pay cut for 6 weeks. Furloughs delayed maintenance services; slowed contracting; and decremented nearly every support function to include medical and family services at every installation. Furloughs have also begun to have a tremendous effect on morale as they come on the heels of 2 years of frozen pay and performance-based bonuses; we have begun to see some of our highest quality personnel seeking employment in the private sector. Given the lower discretionary caps and the continued threat of sequestration we are preparing to reduce civilian end strength to levels proportional to military end strength reductions—an estimated 14 percent cut to our dedicated civilian workforce.

INSTALLATIONS SUPPORT

In fiscal year 2013, we reduced our base sustainment funds by \$2 billion, a 70 percent drop from historic levels of funding. In fiscal year 2014, facilities sustainment will receive 36 percent of historic funding levels which will meet minimum requirements for installation sustainment of buildings for Health, Life and Safety, but otherwise will significantly impact every service program including municipal, fire and emergency, logistics, facilities engineering, and family programs. For example, we will not be able to fund municipal services contracts for custodial, pest control, or other services and we will be forced to eliminate nearly all preventative maintenance programs. The backlog of approximately 158,000 work orders is 500 percent above this time last year, and will increase future sustainment costs throughout the year by 31 percent. We will suspend all restoration and modernization projects which includes those projects needed to support the consolidation of bases in Europe. The degradation of services to soldiers, civilians, and their families, particularly as units continue to deploy into and return from theater and in the midst of the drawdown, will significantly erode recruitment and retention. Likewise, funding for military construction, to include large-scale renovations of older infrastructure, will be more than 50 percent below historic norms.

FISCAL YEAR 2014

The Army remains fully committed to the enactment of President's budget for fiscal year 2014. The Army's portion of that budget, \$129.7 billion, is necessary in its entirety to ensure that the Army meets the requirements of the 2012 Defense Strategic Guidance. The fiscal year 2014 budget, however, does not provide the funds necessary to address decaying readiness that is the result of earlier cuts made to our training programs. As a result, I submitted a \$3.2 billion Unfunded Request Memo on 6 June 2013. In addition to the fiscal year 2014 base budget, the Army has submitted a separate request of \$47.6 billion in fiscal year 2014 OCO funding for operations in Afghanistan; it is critical that this request be fully funded to support our soldiers currently deployed and those soon to deploy into theater.

However, given the necessity to prepare for the reduced discretionary caps and threat of sequestration in fiscal year 2014, the Army's execution of the fiscal year 2014 budget will proceed along five avenues. First, Secretary McHugh and I have directed that we accelerate the deliberate downsizing of the Army's Active end strength from its current level of 532,530 to 490,000 by fiscal year 2015 instead of fiscal year 2017. Second, we are implementing force structure changes—including the reorganization of our BCTs—to reduce brigade level headquarters while sustaining combat power. Third, we will be forced to implement a drastic tiered readiness system in which about 20 percent of the operating force will receive the funds necessary to conduct collective training to reach appropriate readiness levels. Fourth, we will reprioritize our modernization programs and determine which ones are most critical to filling capability gaps and which ones will be delayed or cancelled. Fifth, we will make every effort to recruit and retain a high quality, professional, and disciplined All-Volunteer Force while we support our veterans transitioning back to civilian life.

STRATEGIC CHOICES

In March of this year, Secretary Hagel directed a 4-month long Strategic Choices and Management Review (SCMR). The SCMR was a valuable forum to discuss the projected impacts of sequestration and to formulate the choices facing us in the areas of end strength, force structure, readiness, and modernization.

The SCMR review concluded that the Total Army must reduce its end strength, combat formations, readiness, and modernization programs dramatically to keep pace with each of the proposed budget options. The SCMR process concluded that the Active Army end strength could be as low as 420,000 while the Army National Guard could be as low as 290,000. Because the U.S. Army Reserve structure is based on their combat support role, the SCMR concluded that their end strength and structure should not change.

We must strike the right balance between end strength, readiness, and modernization across the Active Army, the Army National Guard and the U.S. Army Reserve as we reduce the size of the force. To date, 98 percent of end strength reductions have been borne by the Active Army; the entire force has been affected by reductions to readiness and modernization accounts. If reduced discretionary caps and sequestration continue, we will be required to reduce end strength and force structure in the Army National Guard and take modest end strength reductions in the U.S. Army Reserve in order to ensure we retain a ready force. I am committed to every Army soldier and every Army formation being ready and prepared to meet the requirements of the 2012 Defense Strategic Guidance. However, if we retain too great a force structure in either the Active Army or the Army National Guard, we will not have sufficient money to train those units.

Ultimately, the size of our Army will be determined by the guidance and amount of funding provided by Congress. To that end, the SCMR looked at two different funding levels, one that reflects the President's budget proposal and another that reflects the reductions to the discretionary caps required under current law. In both cases, the Army takes significant budget reductions.

Under the funding levels of the President's budget proposal, which defers the effects of sequestration for several years, the Army will reach what I believe is the absolute minimum size to fully execute the 2012 Defense Strategic Guidance: 450,000 in the Active Army, 335,000 in the Army National Guard, and 195,000 in the U.S. Army Reserve which would include a total of at least 52 BCTs. In this case, because the President is proposing to defer the largest funding reductions until 2018, we can maintain a ready force, albeit a smaller one, that across the Total Army, can meet the requirements of the 2012 Defense Strategic Guidance. At this size, however, we are at high risk for reacting to any strategic surprise that requires a larger force to respond. In addition, the Army will only be able to maintain an adequate level of future readiness by accepting a high degree of risk across every modernization program.

The second case examined by the SCMR was how to achieve the additional budget cuts called for under the current law. In this case, the Army was "sized-to-budget," meaning that in order to build and sustain a ready force, the Army would be reduced to 420,000 in the Active Army, 315,000 in the Army National Guard, and 185,000 in the U.S. Army Reserve which would include significantly less than the 52 BCTs I believe we need. Additionally, it would require us to reduce our modernization accounts by nearly 25 percent, with no program unaffected. While we have made no final decisions yet, major weapon programs will be delayed and while we tried to protect certain programs, the impact on the industrial base is likely to be severe.

In my professional military judgment, these projected end strength and force structure levels would not enable the Army to fully execute 2012 Defense Strategic Guidance requirements to defeat an adversary one major combat operation while simultaneously denying the objectives of an adversary in a second theater. Additionally, it is unlikely that the Army would be able to defeat an adversary quickly and decisively should they be called upon to engage in a single, sustained major combat operation. Whatever budget decision made by Congress, the Secretary of the Army and I have determined that we will reduce the size of the Army as needed to ensure that all units—Active Army, the Army National Guard, and U.S. Army Reserve—will be ready for their assigned missions. Therefore, our deliberations should not solely pivot around a discussion of the future Army end strength but also upon the readiness and capabilities of the Army given the resources available.

CONGRESSIONAL ACTION

As I have detailed above, the fiscal outlook today and in the near future continues to be exceedingly difficult due to the blunt instrument of sequestration. It is imperative that Congress avoid future cuts through the vehicle of sequestration. Sequestration continues to have a devastating impact on our ability to train, man, and equip the Army. As you continue to work through the issue of Continuing Resolutions and dealing with sequestration, we ask you to consider the following actions that will allow us to deal with these cuts in a more reasonable and rational way.

Compensation Reform

We are extremely grateful for the high quality care and compensation our Nation has shown to our service men and women over the last decade. Military manpower costs remain at historic highs and consume 46 percent of the Army budget today. As we go forward, we must develop compensation packages that reduce future costs but at the same time recognize and reward our soldiers and their families for their commitment and sacrifice. If we do not slow the rate of growth of soldier compensation, it will consume a higher, disproportionate percentage of the Army's budget and we will be forced to reduce the Army's size below sequestration levels of end strength and further reduce investments in training, and modernization. We will not be able to afford a force of sufficient capacity, readiness and modernization without compensation reform. It is our solemn duty to our soldiers and the Nation to ensure that our soldiers are ready to fight when called to do so. We must make choices that preserve the high quality, All-Volunteer Force as the most critical component of a ready Army.

Civilian Workforce

The furloughing of our civilian workforce in fiscal year 2013 caused much disruption across our Army and impacted our ability to remain focused on critical mission requirements. As we move forward, the shaping and restructuring of the Army civilian workforce is necessary to ensure we have the right mix of talent and skills to support our Army for the future. Additional authorities to increase the cap on the Voluntary Separation Incentive Program and the ability to offer Voluntary Early Retirement are crucial to us in order to maintain our professional and capable civilian workforce.

Base Realignment and Closure

Due to reductions in military and civilian end strength, force structure, and industrial base demand, a future round of base realignment and closure is essential to divest excess Army infrastructure. BRAC would also allow for a systematic review of existing DOD installations to ensure effective joint and multi-service component utilization. If we do not make the tough decisions necessary to identify inefficiencies and eliminate unused facilities, we will divert scarce resources away from training, readiness, and family programs and the quality of our installation services will suffer.

CONCLUSION

We must develop a leaner, smaller Army that remains the most highly-trained and professional All-Volunteer land force in the world; one that is uniquely organized with the capability and capacity to provide expeditionary, decisive landpower to the Joint Force, and is ready to perform the range of military operations in support of combatant commanders to defend the Nation and its interests at home and abroad, both today and against emerging threats.

To ensure that we align resources to set ourselves on course to realize this Army, I have established five strategic priorities for the force:

1. Develop adaptive Army leaders for a complex world;
2. Build a globally responsive and regionally engaged Army;
3. Provide a ready and modern Army;
4. Strengthen our commitment to our Army profession; and
5. Sustain the premier All-Volunteer Army.

The impact of sequestration in fiscal year 2013 coupled with the threat of continued sequestration levels of funding are forcing the Army to implement significant reductions to end strength, readiness, and modernization in order to generate short-term cost savings. However, this will leave Congress, future administrations, and the Nation with severely reduced options for action. The next administration will have less capability to deter conflict and would be increasingly reliant upon allies in any future conflict, with no guarantee that our allies would be willing or able to provide the assistance needed to meet U.S. national security goals. In the event of a strategic surprise or upon the completion of hostilities, an undersized Army would be unable to conduct long-term stability and transition operations.

The choices we must make to meet reduced funding levels by sequestration could force us to reduce our Army in size and capability to levels that I, as the Chief of Staff of the Army, am not comfortable with. For those that present the choice as one between capacity and capability, I want to remind them that for the Army, soldiers are our capability. Unlike other Services that man their equipment, the Army must train and equip soldiers to achieve decisive strategic results on the ground. If the funding dictates a smaller Army, then we must be prepared for both reduced

capacity and reduced capability. Today, we have the best Army in the world. It is our charge, Congress and DOD working together, to ensure that by the end of this decade, we still have the best Army in the world. Thank you for taking the time to listen to us about our budgetary concerns.

The strength of our Nation is our Army
 The strength of our Army is our Soldiers
 The strength of our Soldiers is our Families.
 This is what makes us Army Strong!

Chairman LEVIN. Thank you so much, General Odierno.
 Admiral Greenert.

**STATEMENT OF ADM JONATHAN W. GREENERT, USN,
 CHIEF OF NAVAL OPERATIONS**

Admiral GREENERT. Chairman Levin, thank you very much for mentioning our civilian personnel. Those are our shipmates and we still have quite a few who are hurting from the tragedy at the Navy Yard. So I appreciate your mentioning them in your opening statement.

Senator Inhofe, welcome back. It's good to have you here.

We all miss Congressman Ike Skelton, all of us in the military.

Distinguished members of the committee: Thank you for the opportunity to testify on the short- and the long-term effects of sequestration and our perspective on the SCMR. This morning I will address two main points: our budget situation and our plan for fiscal year 2014; and the near- and long-term impacts of sequestration.

Mr. Chairman, presence, that remains our mandate, your Navy's mandate. We have to operate forward, where it matters, and we have to be ready when it matters. We have to be able to respond to contingencies with acceptable readiness. Recent events this year alone have clearly demonstrated our ability to do that with deployed forces. Navy assets were on station within a few days, where needed, and offered options to the President whenever the situation dictated it, in North Korea, Egypt, and in Syria as an example. Now, this ability to be present reassures our allies and it ensures that the interests of the United States around the world are properly served.

In 2014, sequestration will further reduce our readiness and will surely reduce our ship and aircraft investment. The BCA revised discretionary caps will preclude our ability to execute the 2012 DSG, both in the near-term and the long-term. Restrictions associated with the CR preclude transferring funds across programs, increasing needed program quantities, and starting important new programs.

The impacts of sequestration will be realized in two main categories: readiness and investment. There are several operational impacts, but the most concerning to me is that reduction in our operation and maintenance will result in only one non-deployed carrier strike group and one amphibious ready group trained and ready for contingency response. Our covenant with the combatant commanders is to have at least two carrier strike groups and two amphibious ready groups deployed and to have another three of each in or around the continental United States ready to respond to a crisis on short notice.

So for example, right now we have one carrier strike group deployed in both the Arabian Gulf and in the Western Pacific, and our one response carrier strike group, the USS *Nimitz*, is in the eastern Mediterranean. So consequently, because of fiscal limitations and the situation we're in, we do not currently have another carrier strike group trained and ready to respond on short notice in case of a contingency. We're tapped out.

In 2014 we'll be forced to cancel aircraft and ship maintenance and this will inevitably lead to reduced life in our ships and our aircraft. Ashore, we will conduct only safety-essential renovation of facilities, further increasing the large backlog in that area. We will be compelled to keep a hiring freeze in place for most of our civilian positions and that will further degrade the distribution of skill, experience, and the balance in a civilian workforce which is so critical.

We will not be able to use prior-year funds to mitigate sequestration cuts in our investment accounts, like we did in fiscal year 2013. Without congressional action, we will be required to cancel the planned procurement of a *Virginia*-class submarine, a Littoral Combat Ship, and an Afloat Forward Staging Base ship, and we will be forced to delay the delivery of the next aircraft carrier, the USS *Ford*, and delay the mid-life overhaul of the aircraft carrier USS *George Washington*. Also, we'll have to cancel procurement of at least 11 tactical aircraft.

Mr. Chairman, the key to a balanced portfolio is a spending bill and secondarily the option to propose to Congress the transfer of money between accounts. This at least would enable us to pursue innovative acquisition approaches, start new projects, increase production quantities, and complete the ships we have under construction. Just to meet minimum readiness needs, we need to transfer or reprogram about \$1 billion into the operation and maintenance (O&M) account and about \$1 billion into our procurement accounts, mostly for shipbuilding, and we need to do this by January.

After the SCMR was completed, our focus has been on crafting a balanced portfolio of programs within the fiscal guidance that we were provided. Further details of our approach into what we call the alternative program objective memorandum (POM) are outlined in detail in my written statement, which I request be entered for the record.

Now, in summary, we will maintain a credible and modern sea-based strategic deterrent, we will maximize forward presence to the extent we can using ready deployed forces, and we will continue investing in asymmetric capabilities, while, with this committee's help, we'll do our best to sustain a relevant industrial base. However, there are several missions and needed capabilities which are specified in the DSG that we cannot perform or keep apace with potential adversaries, and these will preclude us from meeting the operational plan requirements as currently written and defined by our combatant commanders with acceptable risk. These also are detailed in my written statement.

Applying 1 fiscal and programmatic scenario, we would end up with a resultant fleet of about 255 ships in 2020. That's about 30 less than we have today. It's about 40 less than was planned in our program, our President's budget 2014 submission, and it's 51 less

than our force structure assessment which we validated and submitted of 306 ships.

So, Mr. Chairman, I understand the pressing need for our Nation to get its fiscal house in order, and I'm on board with that endeavor. But its imperative that we do so in a thoughtful manner to ensure that we sustain the appropriate warfighting capability, the appropriate forward presence, and that we be ready. Those are the attributes we depend on from our Navy.

I look forward to working with Congress to find the solutions that will ensure our Navy retains the ability to organize, to train, and to equip our great sailors and our civilians and their families in the defense of our Nation.

Thank you.

[The prepared statement of Admiral Greenert follows:]

PREPARED STATEMENT BY ADM JONATHAN W. GREENERT, USN

Chairman Levin, Senator Inhofe, and distinguished members of the committee thank you for the opportunity to testify about the impact of sequestration on the national defense.

In this statement, I will explain the impacts of sequestration having occurred in fiscal year 2013 and why I believe current law imposing reduced discretionary caps in future years will preclude our ability to execute the 2012 Defense Strategic Guidance (DSG) in the long term. In the near-term, sequestration in fiscal year 2014 will negatively impact our readiness and investments, further degrading programs in all appropriations except military personnel. Combined with the restrictions associated with a Continuing Resolution on transferring funds, increasing program quantities and starting new projects, these impacts will be considerably worse in fiscal year 2014 than they were in fiscal year 2013.

The Strategic Choices and Management Review (SCMR) directed by the Secretary of Defense was an exercise to produce options and identify choices that would prepare the way for the Department of Defense (DOD) to comply with the BCA. Now that the SCMR is complete, the Navy's focus is development of a balanced portfolio of programs within the fiscal guidance (fiscal reductions) provided by the Office of the Secretary of Defense. That work is in progress. It is not complete.

The standard that guides our current planning, programming and budgeting is the DSG and its objectives for the Joint Force; this guidance is benchmarked to the year 2020. The DSG incorporated the first set of BCA-mandated budget reductions and directed the military to address "the projected security environment" and to "recalibrate its capabilities and make selective additional investments to succeed in the missions" of the Armed Forces.

OUR PRESIDENT'S BUDGET SUBMISSION FOR FISCAL YEAR 2014 (PB-14)

Our PB-14 submission was designed to execute the DSG with acceptable risk. Applying the reduced discretionary caps through 2021 will prevent the Navy from executing the DSG. Our January 2013 "Force Structure Assessment" (FSA) is foundational in this discussion as it is our DOD-validated requirement for ships and reflects the direction of the DSG in each mission of the Armed Forces.

The DSG highlights the value of forward presence to support partners, sustain U.S. influence and maintain stability. The Navy's PB-14 submission and associated plans build a fleet that will provide the presence required by the DSG. If executed as planned, it will result in a fleet of approximately 295 ships in 2020 (300 in fiscal year 2019), about 10 more than are in service today. This "2020 Fleet" would do the following in support of the DSG mission to Provide a Stabilizing Presence:

- Increase our global deployed presence from about 95 ships today to about 115 in 2020.
- Increase presence in the Asia-Pacific from about 50 ships today to about 60 ships in 2020, consistent with the DSG's direction to rebalance to that region.
- "Continue to place a premium on U.S. military presence in—and in support of—partner nations" in the Middle East, with about 30 ships. This will include continuous presence of a rotationally-deployed Carrier Strike Group (CSG) and Amphibious Ready Group (ARG), ballistic missile defense (BMD) capable destroyers, and attack submarines. These rotational forces will be

augmented by an Afloat Forward Staging Base (AFSB), patrol coastal (PC) and mine countermeasures (MCM) ships homeported in Bahrain, which (late in this decade) will be replaced by forward-stationed littoral combat ships (LCS).

- “Evolve our posture” in Europe by meeting our ballistic missile defense European Phased Adaptive Approach (EPAA) requirements with four BMD-capable destroyers homeported in Rota, Spain, and two land-based sites in Romania and Poland. Additional presence will be provided by forward operating Joint High Speed Vessels (JHSV), Mobile Landing Platform (MLP) ships, an AFSB, and rotationally deployed combatants.
- Provide “innovative, low-cost, and small-footprint approaches” to security in Africa and South America by deploying on average one JHSV and one LCS continuously to both regions, and maintaining an AFSB off of Africa.

Our PB-14 budget submission invests in the capabilities and capacity required for the other missions described in the DSG with the following results:

Counterterrorism and Irregular Warfare

We would have the capacity to conduct widely distributed Counterterrorism and Irregular Warfare (CT/IW) missions. According to our FSA, this requires one AFSB in the Arabian Gulf and one AFSB in the Gulf of Aden, four LCS, with two deployed in various locations worldwide and six MQ-8B/C Fire Scout unmanned air vehicles operating from these platforms.

Deter and Defeat Aggression

We would be able to “conduct one large-scale operation and also counter aggression by an opportunistic aggressor” in a second theater as required by the DSG. According to the analysis conducted as part of our FSA, this requires 11 aircraft carriers (CVN), 88 large surface combatants (LSC)—cruisers (CG) and destroyers (DDG), 48 attack submarines (SSN), 11 large amphibious assault ships (LHA/D), 11 amphibious transport docks (LPD), 11 dock landing ships (LSD), 52 small surface combatants (LCS, frigates and MCM) and 29 combat logistics force (CLF) ships. Maintained at an appropriate level of readiness in accordance with our Fleet Response Plan, this force structure yields three non-deployed CSG and three ARG ready to deploy in response to a contingency within about 14 days and an appropriate number of CSG, ARG, LSC and SSN able to surge forward in response to crisis. These forces would augment and relieve our presence forces described above, which includes two CSG and two ARG. Our FSA analysis also determined this overall force at the appropriate level of readiness would be sufficient to execute Navy elements of the DSG mission to Conduct Stability and Counterinsurgency Operations.

Project Power Despite Anti-Access/Area Denial Challenges

The Joint Force requires assured access to meet security commitments to allies and partners, deter aggression and conduct military operations from counterterrorism to disaster response. Our PB-14 submission would implement the Joint Operational Access Concept (JOAC) and the Air-Sea Battle concept through investments in:

- Undersea capabilities, including:
 - An inventory of P-8A Poseidon maritime patrol aircraft that meets the program and warfighting requirement of 117 aircraft in 2019, completing transition from the legacy P-3C Orion by 2019.
 - Anti-submarine warfare (ASW) combat system upgrades will be installed in all DDG forward homeported in the Western Pacific by 2018, including addition of a Multifunction Towed Array (MFTA) sonar.
 - An ASW mission package that will be fielded on LCS in 2016, which increases surface ship ASW capacity and delivers improved capability by using a MFTA in combination with a variable depth sonar (VDS).
 - Upgraded sonobuoys and advanced torpedoes to equip all of our helicopters, SSN, and P-8A in the Western Pacific by 2018. PB-14 includes 1,286 Mk 54 advanced lightweight torpedoes for aircraft and 809 improved Mk 48 heavyweight torpedoes for submarines.
 - The Virginia Payload Module (VPM) fielded in *Virginia*-class submarines in 2027 to enable *Virginia*-class SSN to replace land attack capacity from guided missile submarines (SSGN) that begin retiring in 2026.
 - An LCS mine countermeasures mission package that employs unmanned vehicles and offboard sensors to locate and neutralize mines while keeping the LCS and its crew outside the mine threat area. The first increment of this mission package will be fielded in 2015, and the second in 2019.

- Air and missile defenses, including:
 - The Surface Electronic Warfare Improvement Program (SEWIP), that delivers upgraded electromagnetic sensing capabilities in 2014 and upgraded jamming and deception capabilities in 2017. Both of these upgrades are required to counter advances in adversary anti-ship cruise missiles.
 - The new Air and Missile Defense Radar (AMDR) to be fielded on seven Flight III Arleigh Burke DDG that deliver between 2021 and 2024. Longer-range, more accurate, and more agile than legacy ship-based radars, AMDR is needed to counter advanced anti-ship weapons and jamming.
 - The Evolved Sea Sparrow Missile (ESSM) Block II, an improved short-range, ship-based missile that counters attacks by multiple cruise missiles at low altitude, as well as adversary jamming and radar deception. It will be fielded in 2020 with 80 missiles going to the fleet.
 - The F-35C Lightning II, the carrier-based variant of the Joint Strike Fighter, introduced into the fleet by 2019, will integrate into our carrier air wing (CVW) forward homeported in the Western Pacific in 2020. The F-35C's advanced sensors, coupled with its data sharing capability and ability to operate closer to threats, will enhance the CVW's ability to find targets and coordinate attacks.
 - An improved air-to-air "kill chain" based on infrared (IR) sensors and weapons that circumvent adversary radar jamming and deception. The Infrared Search and Track (IRST) sensor system will be fielded in 2016 and an improved version with extended range will be fielded in 2019. The longer range and accuracy of IRST will be employed by the AIM-9X Block III IR-guided missile that delivers in 2021.
 - An improved air-to-air radio-frequency (RF) "kill chain" that defeats enemy jamming and operates at longer ranges through upgrades to every F/A-18E/F Block II Super Hornet will be fielded by 2018. This radar will be used with the longer-range "fire and forget" AIM-120D, which will be fielded in 2014 and integrated into all Pacific CVW by 2020.
 - The Navy Integrated Fire Control-Counter Air (NIFC-CA) network, which integrates aircraft and ship sensor and weapons capabilities. Fielding begins with the E-2D Advanced Hawkeye aircraft in 2015 and fully equips six CVW by 2020. Full transition to the E-2D will be complete by 2022.

Operate Effectively in Space and Cyber Space

Cyberspace is a domain in which attacks and intelligence gathering already occur every day. In a conflict, we will use our advantages in this domain to help defeat adversaries' ability to see, communicate and coordinate their forces. Our PB-14 submission places priority on cyber defense and efforts to build the Navy's portion of DOD's Cyber Mission Forces. It would recruit, hire, and train 976 additional cyber operators and form 40 computer attack and defense teams by 2017.

Maintain a Safe, Secure, and Effective Nuclear Deterrent

We would sustain today's ballistic missile submarine (SSBN) force and ensure the future SSBN(X) delivers in 2030 to replace retiring *Ohio*-class while meeting requirements for SSBN presence and surge.

Defend the Homeland and Provide Support to Civil Authorities

In accordance with Secretary of Defense direction and the FSA, the capacity required for these missions is 1 CSG, 1 ARG, 2 P-8A, 4 CG or DDG and 10 LCS that are not deployed and ready for all homeland defense missions. Our PB-14 submission would maintain this capacity.

Counter Weapons of Mass Destruction

Our FSA analysis determined that these missions will be met by sustaining a continuous overseas presence of two CSG with an additional CSG half the year and three ARG to conduct counter-proliferation activities and six BMD DDG to counter weapons delivered by ballistic missiles. Our PB-14 submission would maintain this level of presence.

Conduct Humanitarian, Disaster Relief, and Other Operations

Our FSA analysis determined that a presence of two ARG and nine JHSV is sufficient to conduct these operations. Our PB-14 submission would maintain this level of presence.

IMPACT OF A POTENTIAL FUTURE SCENARIO: "FISCALLY CONSTRAINED TO BCA CAPS:
FISCAL YEAR 2015–2023"

Consistent with what the Deputy Secretary of Defense told this committee in August, if fiscally constrained to the revised discretionary caps, over the long-term (2013–2023), the Navy of 2020 would not be able to execute the missions described in the DSG. There are numerous ways to adjust Navy's portfolio of programs to meet the BCA revised discretionary caps. These are currently under deliberation within the department. As requested, the following provides perspective on the level and type of adjustments that will need to be made.

Any scenario to address the fiscal constraints under current law must include sufficient readiness, capability and manpower to complement the force structure capacity of ships and aircraft. This balance would need to be maintained to ensure each unit will be effective, even if the overall fleet is not able to execute the DSG. There are, however, many ways to balance between force structure, readiness, capability, and manpower.

One potential fiscal and programmatic scenario would result in a "2020 Fleet" of about 255–260 ships, about 30 less than today, and about 40 less than Navy's PB-14 submission. It would include 1–2 fewer CSG, and 1–2 fewer ARG than today. This 2020 fleet would not meet the DSG requirements for the mission to Provide a Stabilizing Presence. As a result, Navy would be less able to reinforce deterrence, build alliances and partnerships, and influence events abroad.

- Navy would not increase our global deployed presence, which would remain at about 95 ships in 2020. The lethality inherent in this presence, based on ship type deployed, would be less than today's 95-ship presence.
- Navy would not increase presence in the Asia-Pacific, which would stay at about 50 ships in 2020. This would largely negate the ship force structure portion of our plan to rebalance to the Asia-Pacific region directed by the DSG.
- Navy would not "place a premium on U.S. military presence in—and in support of—partner nations" in the Middle East, since presence would decrease and, assuming we use the same ship deployment scheme in the future, there would be gaps in CSG presence totaling 2–3 months each year.
- Navy would still "evolve our posture" in Europe by meeting our ballistic missile defense EPAA requirements with four BMD-capable DDG homeported in Rota, Spain and two land based sites in Romania and Poland. Additional presence would still be provided by forward operating JHSV, MLP, AFSB and some rotationally deployed combatants.
- Navy would still provide "innovative, low-cost, and small-footprint approaches" to security in Africa and South America by deploying, on average, one JHSV and one LCS continuously to both regions and maintaining an AFSB in AFRICOM's area of responsibility.

In order to sustain a balance of force structure (current and future), modernization and personnel within our portfolio, continued compliance with the BCA revised discretionary caps would compel us to reduce our investments in force structure and modernization, which would result in a "2020 Fleet" that would not meet DSG direction in the following mission areas:

Counterterrorism and Irregular Warfare

We would not have the capacity to conduct widely distributed CT/IW missions, as defined in the DSG. There would be inadequate LCS available to allocate to this non-core Navy mission, in the amount defined by the FSA and concurred upon by Special Operations Command.

Deter and Defeat Aggression

We would not be able to conduct one large-scale operation and also counter aggression by an opportunistic aggressor in a second theater. In this scenario, the fleet would have 9 to 10 CVN/CSG and 9 to 10 LHA/D and ARG. We would be able to sustain about one non-deployed CSG and one non-deployed ARG fully certified and able to surge on required timelines. Together, our presence and surge forces would be sufficient to conduct all missions associated with only one large-scale operation, as defined today. This overall force and associated readiness would, however, be sufficient to execute Navy elements of the DSG mission to Conduct Stability and Counterinsurgency Operations.

Project Power Despite Anti-Access/Area Denial Challenges

Overall, in this scenario, development of our capabilities to project power would not stay ahead of potential adversaries' Anti-Access/Area Denial (A2/AD) capabili-

ties. We will not meet the projected capability requirements to assure Joint access in a plausible operational scenario in 2020 due to shortfalls, in particular, in air and missile defense:

- Some undersea capabilities will be slowed:
 - Attainment of the required P-8A inventory (117) would be delayed from 2019 to 2020, and transition from the P-3C to the P-8A would be delayed from 2019 to 2020.
 - Anti-submarine warfare combat system upgrades for DDGs and MFTA installations would not be affected.
 - The LCS ASW Mission Package would be delayed from 2016 to 2017.
 - Upgraded sonobuoys and advanced torpedo procurement would still equip all of our helicopters, SSN, and P-8A in the Western Pacific by 2018.
 - Virginia Payload Module (VPM) would still be fielded in 2027 to enable *Virginia*-class SSN to replace SSGN that begin retiring in 2026.
 - The LCS mine warfare mission package would still field its first increment in 2015 and the second in 2019.
- Air and missile defense improvements would be slowed:
 - SEWIP upgraded electromagnetic sensing and upgraded jamming and deception capabilities would both be delayed 1 year (to 2015 and 2018, respectively). Both of these upgrades are required to counter advances in adversary anti-ship cruise missiles.
 - The new Air and Missile Defense Radar (AMDR) would be delivered on only four ships, as compared to seven under our PB-14 submission, between 2021 and 2024.
 - The Evolved Sea Sparrow Missile (ESSM) Block II would still be fielded in 2020, with 80 missiles being delivered to deployed ships.
 - The F-35C Lightning II, the carrier-based variant of the Joint Strike Fighter, would still field in 2019 and join our CVW forward homeported in the Western Pacific in 2020. Overall, the number of F-35 procured would decrease by about 30 aircraft in 2020.
 - All components of the improved air-to-air IR “kill chain” that circumvents adversary radar jamming would be delayed by 2 years. The Infrared Search and Track (IRST) sensor system would field in 2018 and the improved longer-range IRST would not deliver until 2021. The new longer-range AIM-9X Block III missile would not be fielded until 2023.
 - Improvements to the air-to-air RF “kill chain” would be slowed down as F/A-18E/F Block II Super Hornet anti-jamming upgrades would be delayed to 2020. The longer-range AIM-120D missile would still field in 2014 but equipping of all Pacific carrier air wings would be delayed by 2 years to 2022.
 - The Navy Integrated Fire Control-Counter Air (NIFC-CA) network would still initially field with the E-2D Advanced Hawkeye in 2015, but only four CVW (compared to six in our PB-14 submission) would have it by 2020. Transition to the E-2D would be delayed 3 years to 2025.

Operate Effectively in Space and Cyber Space

Plans to recruit, hire, and train 976 additional cyber operators and form 40 computer operations teams by 2017 would not be impacted. This is a priority in any fiscal scenario. However, the BCA’s reduced funding levels would delay replacement of our cyber systems and decrease our ability to defend our networks.

Maintain a Safe, Secure, and Effective Nuclear Deterrent

We would still be able to sustain today’s ballistic missile submarine (SSBN) force. The SSBN(X) would still deliver in 2030 to replace retiring *Ohio*-class SSBN while meeting requirements for SSBN presence and surge. This is the top priority program for the Navy.

Defend the Homeland and Provide Support to Civil Authorities

We would still meet the capacity requirements for these missions.

Counter Weapons of Mass Destruction

We would still meet the presence requirements for this mission.

Conduct Humanitarian, Disaster Relief, and Other Operations

We would still meet the presence requirements for this mission.

The extent of the fiscal changes in the BCA, when compared to current program and budget levels, would compel Navy to request relief from several program mandates and force structure capacity limits, in order to sustain and build a fleet with

a balance of ship types. For example, mandated limits govern the size of the force, minimum funding for certain activities and facilities, and changes to the number of personnel at a base.

THE IMPACT OF FISCAL YEAR 2013 SEQUESTRATION

Looking at the nearer term, the fiscal year 2013 sequestration reductions compelled us to reduce our afloat and ashore operations and created a significant shore maintenance backlog. However, the effects were barely manageable because we received authorization to reprogram funds into appropriate maintenance accounts, and we were able to use prior-year investment balances to mitigate reductions to investment programs. Impact to Navy programs, caused by the combination of a Continuing Resolution and sequestration, included:

- Cancelled five ship deployments.
- Delayed deployment of USS *Harry S Truman* strike group by 6 months.
- Planned inactivation, instead of repairing, USS *Miami* due to rising cost and inadequate maintenance funds.
- Reduced facilities restoration and modernization by about 30 percent.
- Furloughed DON civilian employees for 6 days, which, combined with a hiring freeze, reduced our maintenance and sustainment capacity by taking away logisticians, comptrollers, engineers, contracting officers, and planners.
- Reduced base operations, including port and airfield operations, by about 20 percent.
- Cancelled the Blue Angels' season and most non-essential port visits for Fleet Weeks.

The prospect of sequestration and a Continuing Resolution in fiscal year 2014

Sequestration in fiscal year 2014, particularly if combined with restrictions of a Continuing Resolution (CR), will reduce our readiness in the near-term and in the long-term exacerbate program impacts from budget reductions required under current law. The impacts below assume an approximate 10 percent cut to the Navy's budget; however, with military personnel accounts exempted, the cut could increase to 14 percent in all other appropriations. In addition, the restrictions imposed by a CR will reduce our ability to manage the impact of sequestration. The impacts of this reduced funding will be realized in two main categories of budget accounts: (1) operations and maintenance and (2) investments.

(1) Operation and maintenance accounts will absorb a larger reduction than in fiscal year 2013 from a smaller overall amount of money; in addition we must begin to address deferred "carry over" bills from fiscal year 2013 that total approximately \$2.3 billion over the next 5 years. Because we will prioritize meeting current presence requirements, we will be able to preserve 95 percent of the forward presence originally directed under the fiscal year 2014 Global Force Management Allocation Plan (GFMAP). However, this is still only about half of the Combatant Commander's original request. To ensure adequate funding for the most important deployments, we were compelled to adjust the plan in advance of fiscal year 2014 to remove the deployment of one CG to the Middle East, two salvage ships to Africa and South America and five large surface combatants to the Western Pacific. Most concerning, however, we will have two thirds less surge capacity in fiscal year 2014. Our planned presence to meet the GFMAP in fiscal year 2015 and beyond will also be at risk because maintenance cancelled in fiscal year 2014 may result in ships being unable to deploy in future years. At a minimum this lost maintenance will reduce the service life of these ships.

Because of the mechanics of sequestration, we cannot reprogram (move) funds from other accounts into operations and maintenance to make up for the sequestered amount. As a result, within operations and maintenance, we have to "go where the money is" and find savings in training, maintenance, civilian personnel, and shore facilities. The reductions in fleet training we are compelled to make will result in only one non-deployed CSG and one ARG trained and ready for surge operations—notionally without these reductions there would be three of each ready to deploy within about 2 weeks.

We will be compelled to cancel or defer planned fiscal year 2014 fleet maintenance, including 34 of 55 surface ship maintenance periods totaling about \$950 million—all in private shipyards—and 191 of about 700 aircraft depot maintenance actions. This missed maintenance will inevitably take time off the expected service life of our ships and aircraft, which in turn will make it harder to sustain even the smaller fleet we will have if the BCA caps remain in place for the long term. For example, a recent Center for Naval Analysis study estimated cancelling and not

making up one maintenance period at the 10-year point in a DDG's life will shorten its overall service life by about 5 years.

We will be compelled to keep in place our freeze on hiring for most civilian positions. Ashore we will continue to conduct only safety-essential renovation and modernization of facilities, further increasing the large backlog in that area.

(2) Investment accounts will be particularly impacted by sequestration in fiscal year 2014, and we will not be able to use prior-year funds to mitigate shortfalls as we did in fiscal year 2013. Without congressional action or mitigating circumstances, the reductions imposed by sequestration and the limitations of a CR will compel us to:

- Cancel planned fiscal year 2014 procurement of an SSN, an LCS and an AFSB; also, delay an SSN planned for fiscal year 2015 procurement. Each of these would further worsen the reduction in fleet size, described earlier in this statement, that the BCA would compel us to make over the long term.
- Delay the planned start of construction on the first SSBN(X) from fiscal year 2021 to fiscal year 2022. This would cause us to be unable to meet U.S. Strategic Command presence requirements when the *Ohio*-class SSBN retires.
- Cancel procurement of 11 tactical aircraft (4 EA-18G Growler, 1 F-35C Lightning II, 1 E-2D Advanced Hawkeye, 2 P-8A Poseidon, 3 MH-60 Seahawk) and about 400 weapons, exacerbating future BCA-driven reductions in our capabilities to project power despite A2/AD threats.
- Delay delivery of USS *Gerald R. Ford* (CVN-78) by 2 years, extending the period of 10 CVN in service, and lowering surge capacity.
- Delay the mid-life overhaul of USS *George Washington* (CVN 73) scheduled for fiscal year 2016, disrupting today's "heel-to-toe" CVN overhaul schedule and reducing near-term CVN capacity.

In order to avoid or remedy some of the fiscal year 2014 impacts described above, we need Congress to approve authorization and appropriations bills. This would enable the Navy to transfer funds, pursue innovative acquisition approaches, start new projects, increase production quantities, and complete ships. This would:

- Keep SSBN(X) on schedule to sustain required SSBN capacity after the *Ohio* class begins to retire.
- Buy two *Virginia*-class SSN in fiscal year 2014 as planned and keep fiscal year 2015 SSN procurement on schedule. These actions will help maintain our undersea dominance and ability to project power despite A2/AD threats.
- Protect CVN-73's mid-life overhaul and complete CVN-78 on time to sustain CVN capacity.
- Build the planned AFSB in fiscal year 2014, which is needed to meet DSG and combatant commander presence requirements for CT/IW capability.
- Restore half of the cancelled surface ship maintenance availabilities to protect fiscal year 2015 presence.

CONCLUSION

We understand the pressing need for the Nation to get its fiscal house in order. DOD should do its part, but it is imperative we do so in a coherent and thoughtful manner to ensure appropriate readiness, warfighting capability, and forward presence—the attributes we depend upon from our Navy. Specifically, we need to be able to establish and pursue a deliberate plan for future force development. Regardless of the level of funding we receive, having a predictable budget and associated authorities will enable us to develop and execute an achievable strategy. This strategy would guide our efforts to sustain the appropriate readiness in today's Navy while building a future fleet that is able to deliver the most important presence and capabilities and address the most important warfighting scenarios.

We will continue to view each of our choices through the lens of the three tenets I established when I took office as CNO: Warfighting First, Operate Forward, and Be Ready. But with each year of sequestration, the loss of force structure, readiness, and future investments will cause our options to become increasingly constrained and drastic; our ability to contribute to the Nation's security will be reduced.

We look forward to working with Congress to find solutions that will ensure our Navy remains preeminent and preserve the Nation's security and prosperity.

Chairman LEVIN. Thank you so much, Admiral.
Now, General Amos.

**STATEMENT OF GEN. JAMES F. AMOS, USMC,
COMMANDANT OF THE MARINE CORPS**

General AMOS. Chairman Levin, Ranking Member Inhofe—welcome back, sir—committee members: Thank you for your consistently strong support for your military forces and for your obvious love of our country and justified concern for its defense. All of us sitting before you this morning, my colleagues, are mindful of your collective and individual sacrifices and are grateful for your unflagging fidelity.

The sequester defense budget falls short in meeting Marine Corps requirements and those of the joint force. Your Marine Corps is ready today, but in order to maintain readiness within the current fiscal environment we are mortgaging the readiness of tomorrow's Marine Corps to do so. We are ready today because your marines are resilient and determined to defend the United States of America. Despite year after year of CRs, the BCA, furloughs, and the government shutdown, the men and women who wear my cloth are patriots first. The defense of our fellow Americans and our way of life is our number one priority, even over the comforts of self.

Last month's furlough of more than 14,000 of our civilian marines was a grave disservice to an honorable and dedicated workforce who wants nothing more than to advance the security of the American people. Our civilian marines are a vital part of our team. They are the technicians, the experts, the teachers, the clerks in our commissaries and our exchanges. They are our corporate memory. They are our surge capacity at our depots who provide unique skills in support of the Active and Reserve Force.

They deserve better, quite frankly. I'm ashamed about the way they've been treated through the furloughs and the uncertainty.

During this first year of sequestration, I have realigned funds within my authorities to maintain unit readiness to the highest extent possible. My priorities have remained consistent: first and foremost, the near-term readiness of our forward-deployed forces, followed thereafter by those that are next to deploy. But this readiness comes at the expense of infrastructure, sustainment, and modernization. We are funding today's readiness by curtailing future investment in equipment and in our facilities.

This year we are spending approximately 68 percent of what is required at a bare minimum to maintain our barracks, our facilities, our bases and stations, and our training ranges. This is unsustainable and it can't continue over the long term. If we are to succeed in future conflicts, we must modernize our equipment and maintain the infrastructure that enables our training.

We must also invest in our people. To meet the requirements of the DSG, we need a Marine Corps of 186,800 Active Duty. A force of 186,800 allows us to meet our steady state operations and fight a single major war. It preserves the 1-to-3 dwell for our marines and their families. Under the 2011 BCA, the \$487 billion reduction cut our end strength further, to 182,000. With sequestration, I can no longer afford a force of 182,000.

In February, we initiated a parallel study to DOD's SCMR. Our internal review determined the force size that I could afford under a fully sequestered budget. This was not a strategy-driven effort. It was a budget-driven effort, pure and simple. Our exhaustive research, backed by independent analysis, determined that a force of 174,000 marines, quite simply, is the largest force that we can afford. Assuming that the requirements for marines remain the same over the foreseeable future, a force of 174,000 will drive the Marine Corps to a 1-to-2 dwell. It will be that way for virtually all my operational units: 6 months deployed, 12 months home recuperating, resetting, and training, and 6 months deployed once again.

This is dangerously close to the same combat operational tempo we had in Iraq and Afghanistan while fighting in multiple theaters and while maintaining steady state amphibious operations around the world.

The 174,000 force accepts great risk when our Nation commits itself to the next major theater war as there are significant reductions in my Service in ground combat and aviation units available for the fight.

Under sequestration, we will effectively lose a Marine Corps division's worth of combat power. This is a Marine Corps that would deploy to a major contingency, fight, and not return until the war was over. We will empty the entire bench. There would be no rotational relief like we had in Iraq and Afghanistan. Marines who joined the Corps during that war would likely go straight from the drill field to the battlefield, without the benefit of pre-combat training.

We will have fewer forces, arriving less trained, arriving later to the fight. This would delay the buildup of combat power, allow the enemy more time to build its defenses, and would likely prolong combat operations altogether. This is a formula for more American casualties.

We only need to look to 1950 and the onset of the Korean War to see the hazard and the fallacy in this approach.

Thank you again for this opportunity to appear before you. I'll continue to work with the members of this committee to fix the problems we are faced with. I'm prepared to answer your questions. [The prepared statement of General Amos follows:]

PREPARED STATEMENT BY GEN. JAMES F. AMOS, USMC

INTRODUCTION

The Marine Corps is the Nation's expeditionary force in readiness. We are our Nation's hedge against uncertainty; a national insurance policy of sorts. Deployed forces, and units in training alike, are poised to swiftly respond to crisis and disaster, offering immediate options for strategic decisionmakers, while simultaneously buying time for the follow on joint force. We mitigate the risk inherent in an uncertain world by being ready to respond to today's crisis—with today's force—today.

The Nation and the Defense Department are faced with unprecedented budget uncertainty. My fellow Service Chiefs and I are here to talk about the effects of sequestration on the budget. We fill two distinct roles in this discussion—as chiefs of our respective Services and as members of the Joint Chiefs of Staff. In my role as Commandant, I am deeply concerned about our inability to get a budget approved that facilitates the sound management of precious personnel and limited resources from 1 year to the next. As a member of the Joint Chiefs of Staff, I am equally concerned with our military's ability to support the President's Defense Strategic Guidance and meet the requirements of the combatant commanders across the globe.

Your marines take seriously their sacred oath to defend our Nation, our Constitution, and the American people. As we speak, marines are deployed to Afghanistan supporting the transition of security and responsibility to the Afghan Government and people. As a naval force, marines remain afloat on amphibious warships to provide forward presence, while engaging our allies and partners. These naval expeditionary forces are maneuverable, self-sustaining, operate without reliance on host country basing or over flight permissions, and present our Nation with flexible force options.

In the Pacific, we are aggressively rebalancing our force posture, to include our Unit Deployment Program in Okinawa. Rotational Marine units are training and strengthening our relationship with Australia. Additionally, marines stand their posts guarding our embassies, and train diligently at our installations to prepare for the next contingency. Marines stand ready to answer the Nation's call to action. We are keenly aware of the global security environment where our collective actions are closely watched, and we share the concern that a disruption of our Nation's ability to protect its global interests will have strategic consequences.

In these troubled times, the Marine Corps remains your frugal force. As good stewards of the taxpayer dollar, we will continue to prioritize our requirements, determine what is good enough and only ask for what is essential for our marines and sailors to succeed every time they are called into harm's way. For a small portion of the Department of the Defense budget, we continue to provide a strategically mobile, rapidly deployable force. While other nations seek to reinvent themselves for the new security environment, the American people have already invested in a Navy-Marine Corps team that is suited for this environment.

As Commandant, I assure you that we will do everything in our power to ensure the security of the American people and protect the global interests that secure our prosperity. As we have for 238 years, we will meet our responsibility to rapidly respond to crises wherever they may occur. Marines will be always faithful to the American people and our Nation. We cannot afford to allow our adversaries the opportunity to seize the initiative and undermine global security. Already a lean organization, your marines will continue to give you the first and best option for crisis response.

FORCE STRUCTURE

Beginning in 2006, the Marine Corps increased its end strength to 202k to meet global commitments and to reduce the dwell time of marines in combat zones. Three years ago, the Marine Corps initiated a Force Structure Review with the mission of reshaping the Marine Corps for a post-Afghanistan environment. This review sought to find ways to meet our national security responsibilities in a resource-efficient manner. Our goal was to provide the most ready, capable, and cost-effective Marine Corps our Nation could afford as the security environment changed. Balancing the President's Defense Strategic Guidance with our internal review, we designed a force of 186,800 which was the optimal-sized Marine Corps considering the likely global security environment.

As a result of new factors driven by the Budget Control Act (BCA), the 186.8K force is no longer affordable. Accordingly, I reported to Congress last year on our multi-year plan to draw down the Corps below 186.8K reaching 182.1K by the end of fiscal year 2016. This force structure goal adjusted our end strength, and assumed more risk by making reductions across all elements of the Marine Air-Ground Task Force, while still enabling the Marine Corps to support the President's strategy. A year ago, we believed a budget deal would be made. Today, with sequestration having occurred and current law imposing continued cuts in future years we are planning on reducing the Corps even more. If cuts of this size continue, we will not be able to afford the 182k force structure; the fiscal environment will subsequently put the Nation's ability to respond to crisis around the globe at risk.

RESOURCES AND READINESS

I am alarmed by the prospect of even deeper reductions in the next fiscal year. There should be no misunderstanding: cuts of this magnitude will have a significant impact on the global security climate, the perceptions of our enemies, and the confidence of our allies. In a so-called "new normal" environment of brushfire instabilities, violent extremism, non-state threats and struggling sovereign entities, the United States will continue to have a role as a leader. Our ability to affect this global environment may be measured in ready crisis response forces, i.e., ships at sea, planes in the air, partnerships on the ground and trust among our allies. In a word, our posture and our stature as a global leader in a challenging world is measured in READINESS. Readiness is the aggregate of the investment in personnel, train-

ing, and equipment to ensure that units are prepared to perform missions at any given time. Our ability to project a ready force is gauged and respected by our friends. But make no mistake about it, our foes and those who would challenge us, are measuring our readiness just as closely.

Readiness is directly linked to resources. Sequestration-level cuts in fiscal year 2014 will force us to forfeit long-term priorities to fund near-term readiness. In fiscal year 2013, the final enacted appropriations bill addressed many of our funding priorities; however, as we enter a new fiscal year, a full year of sequester matched with the likelihood of a Continuing Resolution (CR) provides the context for our fiscal planning as we move forward. While I think we all can agree that defense resources must be highly scrutinized, the scale and abrupt implementation of prospective resource changes have the potential for devastating impacts on readiness beginning in the very near future. We realize this is not a temporary condition, and are bracing for the continued challenges of these lower funding levels.

The impacts we face in terms of readiness have primary and secondary effects. While the primary effects on short-term readiness will begin to be observable in fiscal year 2014, the longer-term effects will be even more devastating. We are realigning funds from longer-term activities to protect the short-term readiness of our combat deployed marines. While these adaptations are necessary, the continued maintenance of the short-term readiness of our current force comes at the expense of those who will follow in their footsteps. We are consuming tomorrow's 'seed corn' to feed today's requirements, leaving ever less to plant for the future.

MARINE CORPS READINESS DEGRADATION

The Defense Strategic Guidance remains a clear articulation of future threats, challenges, and opportunities—I continue to support its full implementation. Given the continuing threat of sequestration, we face an extended period of severely reduced funding bound by rules that provide little flexibility to efficiently apply the mandated reductions. Analyzing and applying constrained resources requires decisions now; decisions that will have strategic impact.

When we describe our crisis response mandate, we are describing our forward deployed forces as well as those marines and units training at home. Even when not deployed, Marine units are on a short tether and thus required to maintain high levels of readiness. They must be prepared to deploy on short notice, with the necessary equipment and training to dominate any adversary or confront any crisis. "Tiered readiness" amongst non-deployed Marine units is unacceptable. Over time, tiered readiness creates a hollow force. Degradation in training, equipment and manning underpin shallow, unsustainable combat-ready forces. America expects her marines to remain most ready when the Nation is least ready.

Our marines on the forward edge of our Nation's security remain my number one priority. The forces that currently support the Afghanistan mission, those engaged in countering terrorism globally, and those preparing to go, will receive the full support they need. We also are prioritizing our wounded warriors support services; however, our focus on deployed forces, families, and our wounded warriors, comes at a cost. As we move forward under sequestration, I will be forced to reduce activities necessary to the long-term readiness of the force, such as organizational and intermediate maintenance of equipment returning from theater, to ensure the full support to our most engaged units. For forces not deploying to Afghanistan, the fuel, ammunition, and other support necessary for training will be reduced precluding our ability to provide fully-trained individuals and ready units to meet emerging crises—ultimately impacting even Amphibious Ready Groups and Marine Expeditionary Units.

The abruptness and inflexibility of sequestration will force us to mortgage the condition of our equipment and could erode our readiness to dangerous levels. The indiscriminate nature of sequestration is creating its very own national security problem. Within a year, we will see real impact to all home station units and the beginning of impacts to our next-to-deploy and some deployed forces ... the beginnings of a hollow force we have fought so hard to avoid.

MITIGATING SEQUESTRATION

We have worked diligently to mitigate the effects of sequestration and the likelihood of a CR as we enter into fiscal year 2014. As we look ahead, our task has been made more challenging by the ever increasing demand for ready marines. A resumption of the Marine Unit Deployment Program in the Pacific has reestablished a key component of our Nation's stabilizing presence in the Asia-Pacific region. The establishment of a rotational presence of marines in Darwin, Australia has already had a positive impact on the confidence of our allies and our ability to respond to crises

in the South and Southeast Asian littoral. The planned ramp-up of Marine security forces for our embassies and consulates is a necessary artifact of the “new normal.” Marines are in high demand to support the growth of special operations and cyber forces as well.

Maintaining near-term readiness and operational commitments will continue to come at the expense of investment in our modernization, infrastructure and quality of life accounts. As an example of our trade-offs, I am forced to reduce the necessary funding to maintain our facilities onboard our bases and stations to support operational commitments. Unfortunately, reducing funding levels will accelerate the rate of degradation and increase the long-term costs to return these facilities to acceptable levels. Our family housing overseas, where the preponderance of forward stationed marines and their families reside, will not receive planned renovations. Stateside housing will likely face reduced oversight, which breaches our priority to ‘Keep Faith’ with our families. Sequestered levels of funding will also cut base operating support funding severely, resulting in funding levels well below the requirement. Overall, degraded quality of life for our marines, sailors, and their families will impact unit and family readiness, as well as our efforts to recruit and retain high quality people in the All-Volunteer Force.

While the Marine Corps has a lean civilian workforce with 95 percent working outside the National Capital Region, sequestration will also result in reductions to this force. Since our civilians play critical roles in ground equipment maintenance, training range operations, installation support services to include police, fire and rescue services, housing maintenance and base utilities support, and all of our family support programs, fewer civilians over time will impact home station readiness. Some essential programs at our bases and stations, such as our Wounded Warrior programs, will continue. Other very important but less critical programs, like morale and family support services, to include the availability of child care, will be reduced or eliminated to fund readiness. Additionally, the specter of further furloughs or reductions-in-force present significant challenges to our ability to attract and retain the talent we need. Sequestration undeniably impacts our individual marines as well as every aspect of our Corps from the readiness of our next-to-deploy forces to the readiness of our depots, maintenance and stations.

STRATEGIC CHOICES

The Marine Corps is first and foremost a warfighting organization committed to winning our Nation’s battles. I do not share the view that as the United States transitions out of Afghanistan, our enemies are through with us. Instead, this world remains a dangerous place. We do not know what is going to happen in Egypt, Syria and Libya, but we know terrorist organizations will continue to fester in areas of the world ripe for harboring illicit and de-stabilizing actors. We do not know what the future is for North Korea. The Marine Corps is going to have to operate within this reality. Despite sequestration, history has taught us that we must maintain a ready force capable of responding to crises anywhere in the world and at a moment’s notice. This is why America invests in the Navy-Marine Corps team.

Four months ago, Secretary Hagel directed the Strategic Choices and Management Review (SCMR) to better inform DOD’s preparation for the Quadrennial Defense Review (QDR). In February, I stood up a working group focused solely on designing a future force based on likely resource constraints. This effort was informed by the realization that, if faced with sequestration, the Marine Corps would continue to face budget shortfalls and lose its ability to maintain its edge as the Nation’s force in readiness. As such, we rebuilt a force design structure that was based on a reduced fiscal framework that, by necessity, assumed greater risk in supporting the requirements of the President’s national security strategy.

Although a significant portion of the SCMR process addressed Major Combat Operation (MCO) requirements, which represent the most dangerous of possibilities, we focused on forward presence and crisis response, which are the most likely ... we believe that is what America needs from the Marine Corps. America will always need a Marine Corps that is ready, forward deployed, and able to respond to crisis on a moment’s notice.

As noted above, in the past decade with congressional support, we grew to 202K to meet the Nation’s defense needs as a Marine Corps forward deployed and engaged in Iraq and Afghanistan. As we complete our mission and bring home our service men and women, we are planning to reshape our force size to meet the new national strategy. As current law threatens to further reduce budgets, we proactively initiated an examination of further end strength reductions. Let me be clear, the primary driver behind the development of this new force strength initiative was not the national strategy. The President’s National Security Strategy is op-

timized with a Marine Corps of 186,800. The BCA forced us to 182,100. Our examination determined that an end strength of 174,000 was the best we could do in addressing the operational requirements of steady state deployments, crisis response activities, and potential major combat operations, while preserving institutional health and readiness. As we actively participate in the QDR, this is the force that the Marine Corps will use as the recommended basis for our contribution to the Nation's defense. Based on extensive analysis, falling below this force structure number will significantly increase risk in to our steady state security posture, crisis response and major combat operations.

Our working group set out with the basic premise to design a range of possible force structures and subject them to both internal and external risk analysis. In concert with the Defense Strategic Guidance, we designed a force that was also fiscally supportable. We decided to accept risk with MCOs, to ensure adequate capability and capacity remained in the areas of forward presence and crisis response. Great care was taken to ensure that both the strategic landscape and emerging demands were properly balanced against force design risks. We had to make sure our method avoided simple linear reductions of numbers from our current planned end state of 182.1K to achieve a force design that kept the Marine Corps as ready as fiscally possible and relevant to the security challenges of today and tomorrow. At the end of the day, we needed to be modernized, ready and biased for action, integrated into the Joint Force structure, expeditionary and right sized, while retaining our core combined arms and amphibious structure and competencies.

As a part of our methodology, we began by first looking at what marines are doing today and then widened our aperture to include those emerging trends that would ultimately frame the future operating environment. Today, marines are still joined with the international coalition in Afghanistan, providing crisis response in the Middle East, providing a stabilizing presence in Africa and the Pacific, and standing ready to respond to Humanitarian Assistance/Disaster Relief (HA/DR) efforts around the globe. Today's Marine Corps also has the capability and capacity to conduct special operations and cyber warfare. We can foresee an increasing demand for these capabilities in the future operating environment. The bottom line is, we are asking a tremendous amount out of our marines today—a trend that will likely continue and further bound our future.

Tomorrow's marines will see violent extremism, battles for influence, disruptive societal transitions, natural disasters, extremist messages and manipulative politics. We will see criminal enterprises wield combat power formerly only associated with nation states. We will see separatism, extremism and intolerance that will lead to terrorism, protests and violence. We will see new technologies place modern weapons into the hands of developing states and non-state actors while the development and proliferation of advanced conventional weapons challenges our ability to project power or gain access. In this security environment, it will be the forward presence, strategic mobility, rapid response, and effective power projection capabilities of the Marine Corps that define those minimum attributes that must endure and frame our future force design. We must maintain a force that can balance a focus on the Asia-Pacific with a sustainable emphasis on the Middle East, combined with a continuous effort to counter violent extremists operating across multiple domains.

Based on the detailed planning of our working group, in conjunction with independent analysis, we have determined that within sequestration-level budgets that our force design of 174,000 is the lowest temporary level that can retain America's crisis response force. This provides a minimum acceptable level of readiness, while maintaining forward presence as a part of the Navy-Marine Corps team. Further reductions will incur heightened, and in some cases prohibitive risk to the National Security Strategy.

The Marine Corps has faced this challenge before. As was the case in the past, our manpower and investments fluctuated with the onset and conclusion of wars. We are heading down a similar path today. As our Nation reduces its overseas forces, marines will bridge the gap. We will maintain forward presence. We will remain on scene to engage with partners and allies. We will provide our Nation access where our adversaries try to deny it. We will respond to crises around the globe. Given a smaller force size our marines will face a greater operational tempo, and we will plan for reduced dwell time as a necessary measure to meet our global commitments.

For the foreseeable future, there remains a heightened requirement for a very capable crisis response force that can deploy anywhere quickly, provide a variety of response options, and buy time for national decisionmakers when the need arises. The Marine Corps is and will continue to be the answer to this need, and through congressional support, we will retain the capability and capacity to do so.

CONCLUSION

Since it emerged in the late 19th century as a great power, the United States has needed a capable and well-trained crisis response force. Now, more than ever, Congress is faced with difficult choices to determine where to appropriate the necessary funds for our national defense. Some of the recommendations being offered present illusory and short-term thrift . . . America has carefully invested over the years and produced the most agile and responsive military force within the Navy-Marine Corps team. Our foes, cunning and adaptive, watch carefully to take advantage of any decline in American ability or willingness to lead in a partnered global order that supports the common good. The continued prosperity and security interests of our Nation are dependent on resourcing long-term success.

The Marine Corps is the most ready when the Nation is least ready. It is who we are. Paired with the Navy, we are the elements of the joint force that must be maintained at high levels of readiness. We are the Nation's risk mitigation for the additional cuts that will affect other elements of the Department of Defense.

While Congress and this committee carefully execute its responsibility to validate every taxpayer dollar they appropriate to our Nation's defense, I can assure you that the Marine Corps will continue to uphold our share of this sacred trust. Our reputation as the "frugal force" comes from an ethos that values both high combat readiness and careful stewardship. The Marine Corps will ask only for what it needs, not for what it wants. I am committed to building the most ready Marine Corps that the Nation can afford. Working together, we can map out a resource strategy that protects our global interests as a nation, keeps faith with our servicemembers, and provides the greatest value to the American people. I thank you for the opportunity to engage in this dialogue, for your service to our Nation, and for your continued support of your marines. *Semper Fidelis*.

Chairman LEVIN. Thank you very much, General Amos.
General Welsh.

**STATEMENT OF GEN. MARK A. WELSH III, USAF,
CHIEF OF STAFF OF THE AIR FORCE**

General WELSH. Thank you, Mr. Chairman. Ranking Member Inhofe, welcome back. I hope you have your landing currency reset.

Members of the committee: It's always an honor to be here with you. Thank you for everything you do for our Nation.

The real and projected impacts of sequestration are sobering. If sequestration remains in place for fiscal year 2014, our Air Force will be forced to cut flying hours to the extent that within 3 to 4 months many of our flying units won't be able to maintain full mission readiness. We'll cancel or significantly curtail major exercises again, and we'll reduce our initial pilot production targets, which we were able to avoid in fiscal year 2013 because prior year unobligated funds helped offset about 25 percent of our sequestration bill last year. Those funds are no longer available.

While we hope to build a viable plan to slow the growth of personnel costs over time and to reduce infrastructure costs when able, the only way to pay the full sequestration bill is by reducing force structure, readiness, and modernization. Over the next 5 years, the Air Force could be forced to cut up to 25,000 airmen and up to 550 aircraft, which is about 9 percent of our inventory. To achieve the necessary cost savings in aircraft force structure, we'll be forced to divest entire fleets of aircraft. We can't do it by cutting a few aircraft from each fleet.

As we look at which force structure we need to maintain, we'll prioritize global long-range capabilities and multi-role platforms required to operate in a highly contested environment. We plan to protect readiness as much as possible. We also plan to prioritize full-spectrum training, because if we're not ready for all possible

scenarios, then we're accepting the notion that it's okay to get to the fight late, we're accepting the notion that the joint team may take longer to win, and we're accepting the notion that our warfighters will be placed at greater risk. We should never accept those notions.

If sequestration continues, our modernization and recapitalization forecasts are bleak. It will impact every one of our programs and over time these disruptions will cost more money to rectify contract breaches, raise unit costs, and delay delivery of critical equipment. We're looking at cutting up to 50 percent of our modernization programs if the fully sequestered POM remains reality. We'll favor recapitalization over modernization whenever that decision is required. That's why our top three acquisition programs remain the F-35, the KC-46, and the Long-Range Strike Bomber (LRS-B).

Your Air Force is the best in the world and it's a vital piece of the world's best military team. That won't change even if sequester persists, but what and how much we'll be capable of doing will absolutely change.

Thank you for your efforts to pass a bill that gives us stability and predictability over time. Those two things are essential as we try to move forward. My personal thanks for your continued support of airmen and their families.

I look forward to your questions.

[The prepared statement of General Welsh follows:]

PREPARED STATEMENT BY GEN. MARK A. WELSH III, USAF

Chairman Levin, Ranking Member Inhofe, and members of the committee, it's an honor to appear before you. Thank you for your continued support of our airmen and their families.

The U.S. Air Force is the very best at what we do. We hire the best people we can find and train them better than any other airmen in the world. We bring five core missions to our great joint warfighting team. Those missions haven't fundamentally changed since we became a separate Service in 1947. We still do: (1) air superiority (we've added space superiority); (2) intelligence, surveillance, and reconnaissance (ISR); (3) rapid global mobility; (4) global strike; and (5) command and control. We do these missions in and through three domains—air, space, and cyberspace. The result of the great work our airmen do in those mission areas is Global Vigilance, Global Reach, and Global Power for America.

Our airmen know this, and are proud of the critical role they play in our Nation's defense. My job is to ensure that whenever America calls, our airmen are capable of fighting and winning our Nation's wars. As we plan for various budget scenarios, we seek to be ready in 2014 for a full range of combat operations, while also building an Air Force capable of executing our five core missions against a determined, well-armed, and well-trained adversary in 2023 and beyond.

We know the Air Force has a role in helping our Nation get its fiscal house in order. However, the abrupt and arbitrary nature of sequestration drives the Air Force into a "ready force today" versus a "modern force tomorrow" dilemma. This dilemma is dangerous and avoidable. If we are given the flexibility to make prudent cuts over time, we can achieve the savings required under current law. However, sequestration robs us of that flexibility. We're left with options that simply don't make business sense. We need your help. We need funding bills that give us stability so we can achieve real savings in a strategically and managerially sound way.

GUIDING PRINCIPLES

Sequestration has forced the Air Force and the entire Department of Defense (DOD) to plan for and react to a wide range of budget scenarios. This past March, Secretary Hagel directed the Department to conduct a Strategic Choices and Management Review (SCMR) to help prepare for some of these scenarios. The SCMR analyzed every aspect of the defense establishment to find savings while preserving the key tenets of the Defense Strategic Guidance.

As a result of the SCMR, the Air Force established four guiding principles to steer our strategy and budget processes. (1) No matter the size of our force, we must remain ready for the full spectrum of military operations. (2) When forced to cut capabilities (tooth), we must also cut the associated structure and overhead (tail). (3) We will maximize the contribution of the Total Force. And, (4) we will remain strategy driven by focusing on the unique capabilities we provide the joint force and our ability to execute those capabilities against a high-end threat.

STRATEGIC CHOICES AND MANAGEMENT REVIEW FINDINGS

(1) In all of the budget scenarios we considered, we need flexibility. Compensation reform and infrastructure reduction are critical. If they are not addressed, then the cuts must come entirely from readiness and modernization. This will result in reduced combat power from a smaller, less capable, and less ready force, thereby increasing national security risk. We appreciate the reprogramming assistance Congress has provided, and will seek continued congressional support in transferring money between appropriations.

(2) The SCMR found that, over time, the DOD could achieve the level of cuts required under current law, but there is no strategically and managerially sound approach to close that gap within the next few years. If we must make cuts of this magnitude immediately, the draconian measures that we're forced to take will have serious negative effects on people, weapons systems, munitions accounts, readiness, and modernization.

(3) The SCMR found that the President's fiscal year 2014 budget proposal is the most prudent option of those currently being considered. Force reductions in this scenario will still be necessary, but if accompanied by efficiency and compensation reforms, they can be made in a way that minimizes the additional risk to our national defense.

SEQUESTRATION NEAR-TERM IMPACTS

We understand the national fiscal challenge, and the defense budget can be cut, but the abrupt, arbitrary mechanism of sequestration is not the right approach. As the Vice Chairman of the Joint Chiefs of Staff said, "We don't know how much money we're going to have. We don't know when we will know how much money we're going to have. We don't know what the rules are going to be when we know." As a result, if sequestration continues, the Air Force will not be able to meet the current defense strategy.

The fiscal year 2013 effects of sequestration are well-documented. We were forced to stand down 31 squadrons, including 13 combat-coded squadrons. An additional seven squadrons were reduced to flying rates that only enable proficiency in basic tasks, such as takeoff and landing. It will now cost a minimum of 10 percent more flying hours to retrain these squadrons than it would have to simply keep them trained all along.

In addition, we were forced to break faith with our civilian airmen by furloughing 164,000 civilians, including Guard and Reserve civilian technicians, for 8 hours a week, over a 6 week period. On top of the financial hardship of losing 20 percent of their pay during this period, we as an Air Force lost 7.8 million man-hours of productivity affecting every mission area, including some where civilians are the entire mission area, such as Air Education and Training Command aircraft maintenance. Sadly, we also sent a message to our civilian airmen that we don't sufficiently value their contributions. It will take us years to earn back their trust.

If the reduced discretionary caps, with the threat of sequestration, remain in place for fiscal year 2014, we could be forced to cut flying hours by as much as 15 percent. As a result, many of our flying units will be unable to fly at the rates required to maintain mission readiness for 3 to 4 months at a time, we'll cancel or significantly curtail major exercises, and we'll reduce our initial pilot production targets. We have no plans to furlough civilians in fiscal year 2014.

Sequestration also impacts our space mission. Continued sequestration would force us to reduce our network of space launch, on-orbit, and missile warning sensors to single points of failure. Specifically, we would turn off redundant systems and reduce routine maintenance on the primary systems. Furthermore, it would slow our ability to determine whether space mishaps (collisions in space) are equipment failures, hostile actions, or environmental events.

CONTINUING RESOLUTION

On top of sequestration's current impacts, the longer we are forced to operate under a Continuing Resolution, the greater the damage in fiscal year 2014 and beyond. In fiscal year 2013, we paid much of our sequestration bill with prior year

unobligated funds which we no longer have. Meanwhile, our bow wave of future bills continues to grow. For example, we're currently doing only critical infrastructure sustainment, we're in a civilian hiring freeze, and we have a large backlog of aircraft that need to go to the depot. A Continuing Resolution would not allow us to address this bow wave, we wouldn't be able to start new programs, and it would take away the little flexibility we currently have. Beyond these near-term effects, if reductions of this magnitude continue, we will be forced to pursue the following long-term actions in force structure, readiness, and modernization.

SEQUESTRATION'S LONG-TERM IMPACTS TO ...

Force Structure

We will be forced to get smaller ... both in terms of people and aircraft. When I entered the Air Force in 1976 we had 725,000 Total Force military airmen, including 585,000 on active duty. Today we have 506,000 Total Force military airmen with only 329,000 on active duty. There is a limit to how small we can get and still fulfill the DSG because our "supply" of forces is equal to the strategic "demand" with almost no margin in capacity. If the reduced discretionary caps continue, over the next 5 years we may be forced to cut approximately 25,000 (5 percent) Total Force airmen and approximately 550 (9 percent) aircraft.

Although we employ fewer people, compensation costs continue to climb at unsustainable rates. Together we must address the issue of compensation or it will consume our warfighting spending over the next few decades. Our airmen and retirees deserve every dollar they earn. However, we need to find the right balance going forward and slow the rate of growth in compensation. Specifically, I think we need to look at slowing pay raises, reforming how housing allowances are determined, and restructuring health care to ensure world-class care at a sustainable cost. We also need to find the right Total Force mix and maximize the unique benefits of the Guard and Reserve, who serve as critical force multipliers.

In terms of aircraft, the same story holds true. We are currently smaller and older than ever before. Our aircraft inventory averages 24 years old and the mainstays of our bomber and air refueling fleets are both from the Eisenhower era (B-52 & KC-135).

As we seek to find savings in aircraft force structure, we will prioritize global, long-range capabilities and multi-role platforms that are required to operate in highly contested environments. Moreover, because every aircraft fleet has relatively fixed costs such as depot, training programs, software development, weapons integration, spare parts, and logistics support ... only by divesting entire fleets rather than aircraft from multiple fleets will we achieve savings measured in the billions rather than "just" millions of dollars. Therefore, we may have to divest entire fleets with less relevance in highly contested airspace, as well as platforms where we have excess capacity when measured against the DSG.

As we get smaller, our excess infrastructure will continue to grow. We will seek savings by collocating people and aircraft based on most efficient use of people and space. We will continue to seek congressional approval to begin the base realignment and closure process. While we know we'll lose capacity, we'll work hard to retain the warfighting capability to be ready in 2014 for any required operations, and to ensure we're able to execute our five core missions in 2023 against a high-end threat.

Readiness

When the Air Force talks about readiness, we're talking about our ability to quickly respond to our Nation's demands with Airpower delivered by airmen who are appropriately trained and equipped to accomplish the mission at hand ... and then return home safely. Under the reduced discretionary caps or if we're further sequestered, our ability to do this is severely threatened. Therefore, we will protect readiness to the maximum extent of our authority.

Our Air Force has performed exceptionally well over the last 22 years in a variety of combat and humanitarian operations. However, this high operational tempo has come at a cost to our training and readiness. Since 2003, we've honed our skills in counterinsurgency warfare in Iraq and Afghanistan at the expense of full-spectrum training. For this reason, now more than ever, it is vital to ensure readiness across the full-spectrum of operations. We need to continue advanced training in exercises like Red Flag and weapons school classes. We build international warfighting partnerships and develop Ph.D. level instructors in these training areas. If we don't train for all scenarios, including a future high-end fight, we are forced to accept unnecessary risk. Risk for the Air Force means we may not get there in time, it may take the joint team longer to win, and our people will be placed in greater danger.

In addition to full-spectrum training, our Air Force must be prepared to act at a moment's notice. Speed is an inherent advantage of airpower. Airpower offers the ability to rapidly deliver strategic effects anywhere on Earth. With intercontinental ballistic missiles, forward basing, stealth technology, tankers, bombers, strategic airlifters, and highly-qualified Special Operations Forces ... we are a global Air Force that can hold any target at risk at any time. However, if our squadrons are grounded, if it takes weeks or months to generate global combat power, then we negate the responsiveness that is one of airpower's natural advantages and deprive our Nation of deterrence, diplomatic influence, and contingency options.

For these reasons, we will prioritize funding for training and readiness. Despite this prioritization, under a full sequestration reduction, we will still see significant eroding of our readiness in the near term. Whatever the funding level, we need congressional help to ensure that we have the budget flexibility to regain full-spectrum readiness and avoid a hollow force.

MODERNIZATION

As with force structure and readiness, if the reduced caps under current law continue, our modernization forecasts are bleak. This funding level will impact every one of our modernization programs. These disruptions will, over time, cost more taxpayer dollars to rectify contract breaches, raise unit costs, and delay delivery of critical equipment. When it comes to future investment and modernization, the public may not recognize the effects of these reductions initially. The damage will be insidious. However, should we face a high-end threat in the future—the impact of not modernizing will be blatant and deadly. While failing to achieve national objectives in the next counterinsurgency fight would be distressing, losing a major full-spectrum fight would be catastrophic. If America expects its Air Force to dominate the skies in the future battlespace, modernization and recapitalization are not optional.

As we are forced to make tough decisions, we will favor recapitalization over modernization. We cannot continue to bandage old airplanes as potential adversaries roll new ones off the assembly line. For example, the backbone of our bomber and tanker fleets, the B-52 and KC-135, are as old as I am, and our fourth generation fighters average 25 years of age. That's why our top three acquisition priorities remain the KC-46, the F-35, and the Long-Range Strike Bomber (LRS-B). The KC-46 will begin to replace our aging tanker fleet in 2016, but even when the program is complete in 2028 we will have replaced less than half of the current tanker fleet and will still be flying 200+ KC-135s. Similarly, our average bomber is 32 years old ... we need the range, speed, survivability, and punch that the LRS-B will provide. Tankers are the lifeblood of our joint force's ability to respond to crisis and contingencies, and bombers are essential to keeping our Air Force viable as a global force. We must recapitalize these fleets.

The F-35 is essential to any future conflict with a high-end foe. The very clear bottom line is that a fourth generation fighter cannot successfully compete with a fifth generation fighter in combat, nor can it survive and operate inside the advanced, integrated air defenses that some countries have today, and many more will have in the future. To defeat those networks, we need the capabilities the F-35 will bring. For the past 2 years, the program has remained steadily on track; now it needs stability.

Sequestration-level cuts and/or an extended Continuing Resolution will severely threaten each of our top priority programs as well every single lower priority program. We cannot afford to mortgage the future of our Air Force and the defense of our Nation. Modernization is not optional, and it is required to execute our core missions against a high-end threat in 2023.

CONCLUSION

The U.S. Air Force is the best in the world and is a vital piece of the best military in the world. This will not change even if sequester persists. When we are called, we will answer, and we will win. But the likelihood of conflict may increase as potential adversaries sense weakness and vulnerability.

Our analysis on the impacts of sequestration to national defense is sobering. We understand the national fiscal environment and recognize that continued budget reductions are necessary. But the Nation will be more secure and will achieve more sustainable savings if reductions in defense spending are made in a more reasoned way than the abrupt, arbitrary mechanism of sequestration. Being forced into decisions to balance between a "ready force today" and a "modern force tomorrow" is dangerous for our national defense. This dilemma is avoidable. Through increased budget flexibility, prudent cuts, and an expectation that real savings will occur in the latter years of the Future Years Defense Program, we can be both ready today

and modern in the future. However, we will need Congress' support for the tough decisions that will be necessary to align our future force to the needs of the strategy.

Therefore, I ask Congress to pass funding bills that give us stability, both in the near term and the long term. If not, we'll have these same conversations year after year. Help us be ready in 2014 and still able to win in 2023. Let us focus on combat capability, on our five core missions, and on Global Vigilance, Global Reach, and Global Power for America. Our airmen deserve it, our joint team needs it, and our Nation expects it.

Chairman LEVIN. Thank you all for your testimony, and thank you also for—by the way, we're going to have a fairly short first round because we have votes at 11:45 a.m., two of them, and we also have a large number of Senators here. So we're going to have to start with a 6-minute first round.

Thank you for mentioning Congressman Skelton. Most of us have worked with Ike Skelton for a long time. Our memories of him are extraordinarily fond and warm. He was a unique and wonderful human being, and we really appreciate what he did for this Nation in war and in peace and we are grateful that you made a reference to him, something, frankly, I should have done and have already done in a different way, but should have done here. Thank you for that reference.

The successful conclusion of the budget conference between the Senate and the House is essential if we're going to address the problem of sequestration. They are hopefully looking at various alternatives for getting rid of a mindless, irrational way of budgeting for 2014, the way it was for 2013, but much is going to ride on their success in finding a different approach to deficit reduction.

Now, many of us have made suggestions to them as to how to come up with a balanced approach to deficit reduction which can substitute a sensible approach for a irrational approach called sequestration. We're not going to ask you to get into that kind of detail in terms of the work of the Budget Committee, or the conference, because, number one, I doubt that you are privy to it, but number two, it's a little bit off the subject here today, which are the impacts of sequestration, and the clearer those impacts are laid out—and you have laid them out very clearly—the more likely it is, I believe, that that budget conference will find a path to replace the sequestration in 2014 with something which makes sense in terms of fiscal responsibility, but something that makes sense in terms of the security of this Nation.

As you have very powerfully pointed out in both your oral testimony, your written testimony, and our prior testimonies, sequestration is damaging to the national security of this country.

In fiscal year 2013, DOD was able to minimize impacts, in part by using unobligated funds that were carried over from previous years, in part by deferring program costs into future years, in part by utilizing short-term cost reduction measures such as civilian furloughs and reductions in training and maintenance, rather than making program decisions that would be more difficult to reverse.

So my question of each of you is: If sequestration continues into fiscal year 2014 and beyond, will DOD be able to continue to rely on those types of temporary measures? Or, as I think you've clearly testified, would you have to start reducing force structure and cancelling or curtailing major acquisition programs?

I think you've given us the answer to the second half, but can you go into the first half of that question. You were able to scramble around to a significant degree in 2013. Are you going to be able to rely on those kind of temporary ad hoc scrambling measures if sequestration continues into 2014? General Odierno?

General ODIERNO. Thank you, Mr. Chairman. As we, as you put it very well, scrambled in 2013 to come up with the dollars to meet our sequestration marks, there's things we did that, frankly, mortgage our future. One is obviously we had to take money out of two places: readiness, because we could do that very quickly, so we stopped training. We stopped sending individuals to be prepared at the National Training Center, the Joint Readiness Training Center. You can't ever recapture that.

So it delays the buildup of future readiness. So we will have to pay that price somewhere down the road because we simply cannot ever get that back. So although we were able to do it for 1 year, it comes at risk, our risk to respond, our risk to do—if we have a contingency, will our forces be ready? That's a really incredible risk that I am definitely not comfortable with.

The second piece if we've had to furlough individuals who've worked for this government and, frankly, they're beginning to lose faith in their government. Will they be able to work, will they be able to continue to serve? So it has an impact on the force as well.

So those are temporary measures that we do not want to revisit again, and that we have to have more permanent solutions.

Chairman LEVIN. Admiral?

Admiral GREENERT. Mr. Chairman, first of all, we have a \$2.3 billion carryover. So in 2013, we deferred it into 2014. Here it is. So that's sitting there, and we have to pay about \$1 billion of that. You can't defer it. These are contracts and things of that nature. So that's issue one.

Two, in 2013, we actually had a quarter of maintenance and training, because we didn't start dealing with this until the new calendar year. Well, we got a lot of maintenance done there that we won't be able to get done this year. So 34 out of 55 ship maintenance availabilities we have will be gone. Training; we were able to get some training done there; we can't get that there.

So we will have air wings—of the nine air wings, we'll have five of them in what we call minimum sustaining, it's called tactical hard deck.

But the one that will affect us the most now will be investment. As you mentioned, we used prior year funds. What concerns me the most is our SSBN-X. That is our top nuclear strategic deterrent follow-on. The fact of the matter is it's on a CR and because we want to grow that, that program, in 2014, we're \$500 million off. So that comes to roost in the schedule that—and we're heel to toe.

Other shipbuilding: We'll lose a *Virginia*-class submarine, a Littoral Combat Ship, an Afloat Forward Staging Base, and a lot of costs continue. The *Ford*-class carriers, as I mentioned in my oral statement, we need about \$500 million again to finish that carrier, and by spring we stop work on it, which is not very smart because it's almost done.

Thank you.

Chairman LEVIN. Thank you.

General Amos, can we continue the kind of temporary actions that we took in fiscal year 2013 into fiscal year 2014?

General AMOS. Mr. Chairman, there's no more money in the carryover from 2013 into 2014. We were 99.8 percent obligated at the end of 2013. There's simply no money to bring over. So our account is dry. We're going to live with what we have in 2014 under the CR.

We've taken measures in the past to lean the force. Civilian hiring was frozen 2 years ago. We've already gone through our T&E travel accounts. We've taken our Reserves, taken them off Active Duty, to reduce the T&E cost. We've done all that, sir. There's really no more fat on our bones.

Chairman LEVIN. General Welsh?

General WELSH. Mr. Chairman, I'd echo what you've already heard. We paid, as I mentioned, about \$1.5 billion out of prior year unobligated funds against our sequestration bill last year. That was about 25 percent. That will not be available this year. We start on a CR for the beginning of 2014 that is roughly, just on our O&M account, \$500 million less than we had programmed for 2014. The program didn't include the funding required to recover the readiness that we set aside last year. We are behind the power curve and dropping farther behind the power curve.

Chairman LEVIN. Thank you very much.

Senator Inhofe.

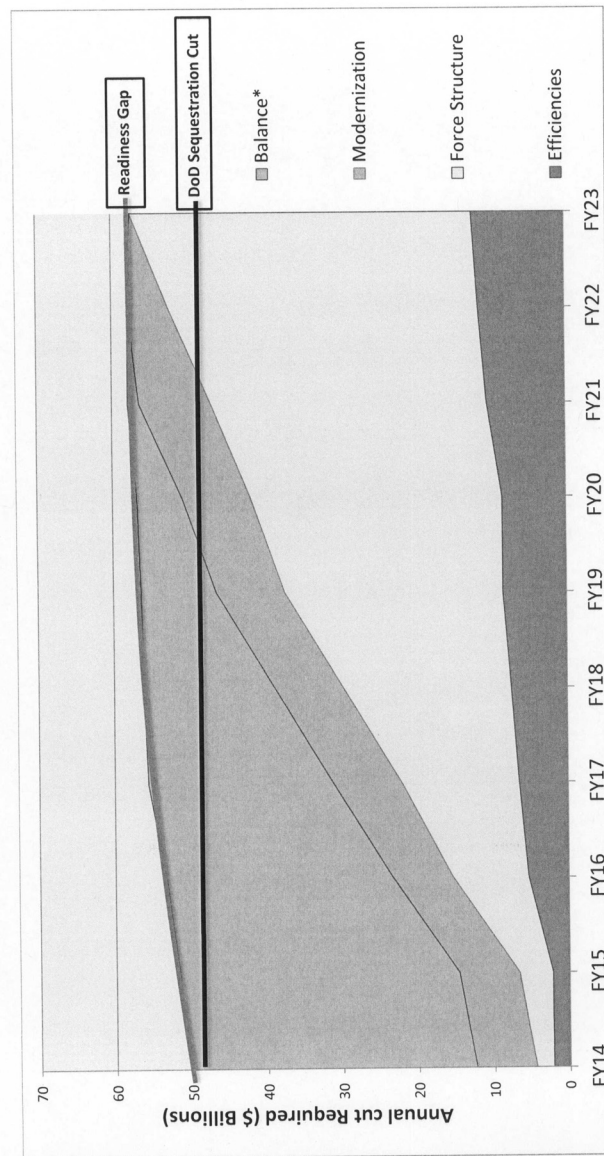
Senator INHOFE. Thank you, Mr. Chairman.

Like the chairman, I appreciate bringing up Ike Skelton. There are a lot of people at this table up here who never had the opportunity to know him. During the years I served in the House, we sat next to each other every Thursday morning at the House Prayer Breakfast, and I got to know him quite well, and he's sorely missed.

I had asked to have this chart placed up here so you can see it. I think the four of you can see this. This chart was put together by both the minority and the majority staff on the Senate Armed Services Committee to try to put into perspective where we are and where we're going with this thing. I know that a lot of improvements have to be made. We had a discussion yesterday on the Republican side about some of the things that will have to be done with personnel, with TRICARE, and some of those things.

[The chart referred to follows:]

Sequestration: Degrading National Security



*Balance includes: Combat Capability, Training, Deployment, Readiness, Exercises, Base Ops, Facilities, etc.

Senator INHOFE. I would remind you that all of that you would find in the blue section down below. So it's not going to really address the problem that we have, even though it is important.

Force structure, you can see how important that is. You're talking about fiscal years 2014, 2015 on through fiscal year 2023. So the force structure is a very serious problem.

Modernization program. The modernization, we all know when things get tight modernization is one of the things that goes.

By far of greatest concern is the orange area. It shows clearly that that is where readiness is. That's where training takes place. I would like to have each one of you respond to your concern about that particular part of this chart, the orange part. I've always said that readiness equals risk, risk affects lives, lives lost. I'd like to have each one of you tell what you think in terms of the people being at risk and lives lost might be affected by what you're going to have to do in this next fiscal year according to this chart.

General ODIERNO. Thank you, Senator. This chart describes exactly the problem that the Army has. We have three levers—end strength, modernization, and readiness. We are taking down our end strength and we are looking at speeding up taking down our end strength, but you can only speed it up so fast when you start to lose the money that you gain by taking end strength out.

So we have a huge readiness issue between 2014 to 2017 that, frankly, will significantly impact our ability to respond in the way we expect to respond.

The other piece is we'll have to stop some of our modernization programs, which means we'll delay getting new equipment 5 to 10 years because we have to stop programs. We'll have to restart them later on when we get back into balance.

So for us, it is significant readiness issues. We will not be able to train them for the mission they're going to have to do. We will have to send them without the proper training and actually maybe proper equipment that they need in order to do this. So that always relates to potentially higher casualties if we have to respond.

Senator INHOFE. Admiral Greenert?

Admiral GREENERT. For us it is force structure—we man equipment, Senator. To deal with a reduction like this, we have to reduce force structure. So this chart would underestimate in the Navy how much force structure we would have to give up in the nearer term in order to garner savings. That means, what do you do now? For me it's forward presence, so I make sure the forces forward are ready, but those that are there for crisis response, right now I'm sitting at two-thirds reduction in that alone.

So you have to be there with confident and proficient people, and if they're not confident and proficient then you're talking more casualties, and you have to keep apace with the capabilities of the future or you're unable to deal with a potential adversary, and that's increased casualties.

So we will be slipping behind in capability, reduced force structure, and reduced contingency response. If we're not there, then somebody is out there and they're going to have increased casualties.

Senator INHOFE. General Amos, you covered this in a lot of detail. Anything you want to add from your opening statement in terms of this readiness sacrifices, how it relates to risk and lives?

General AMOS. Senator, as I said in my opening statement, we've moved money to minimize risk. Each Service has a different orange wedge. Mine is smaller than that, but that's for the near term right now because I'm paying that price to maintain that readiness to be your crisis response force.

But that will only last probably not later than 2017. I'll start seeing erosion in about a year and a half. So we are paying that with other money—infrastructure, training.

Senator INHOFE. That's what you referred to when you said in your opening statement, you used the phrase "a formula for more American casualties?"

General AMOS. Absolutely, yes, sir, Senator. We are headed towards a force in not too many years that will be hollow back home and not ready to deploy. If they do deploy in harm's way we'll end up with more casualties.

Senator INHOFE. In responding to the question, General Welsh, I heard yesterday someone talking to you about an experience that you had up in Alaska. Could you share that with me in terms of some of our flyers? I'd remind people as they hear this that the cost, not necessarily for an F-22, but to get someone to a level of proficiency on an F-15, F-16, is about \$7 million. We're talking about huge investments in personnel.

Would you like to repeat the statement you made?

General WELSH. Senator, I've actually had this conversation multiple places in the Air Force. At one of our bases recently I was talking to a group of young pilots who are eligible for our aviation career incentive bonus. Of that group—there were six to eight in the group—none of them had accepted the bonus to that point in time.

Senator INHOFE. Not one?

General WELSH. Not one. That doesn't necessarily mean they're planning to leave the Air Force, but it certainly means they're keeping their options open, as a minimum.

By the way, it's not just pilots. I was at another base where a couple of very young airmen told me that they loved the Air Force, but they were bored. Their particular squadrons were not flying. They were sitting on the ramp because of the reductions last year. They said at the end of their enlistment they planned to find work that they thought was a little more exciting. I haven't heard anybody in our military say they were bored in quite some time. So that got my attention.

Senator INHOFE. I appreciate that. My time has expired, but I just want to read one thing, one of the most alarming concerns that we have had raised was the belief that your Service may not be able to support even one major contingency. I'd like for the record—now, when you stop and think about the collective service of the four of you is 156 years, so we're talking about a lot of experience, a lot of history, and I'd like to have you for the record respond to that in terms of not being able to meet even one MCO, if you'd do that.

Thank you, Mr. Chairman.

[The information referred to follows:]

General ODIERNO. The effects of unresolved budget shortfalls, budget uncertainty, and sequestration will threaten the Army's capability to conduct a multi-phase, combined arms, joint campaign in a complex environment that includes a conventional opponent, irregular warfare, and counterinsurgency. It is unlikely that the Army would be able to defeat an adversary quickly and decisively should they be called upon to engage in a single, sustained major combat operation. The Army will arrive later to the fight with fewer and less-trained trained forces, which will delay the

buildup of combat power, allow the enemy more time to build its defenses, and, likely, prolong combat operations altogether.

Admiral GREENERT. If we are constrained to the Budget Control Act revised discretionary caps in the long term, one potential fiscal and programmatic scenario would result in a 2020 Fleet with 9 to 10 CVN/CSG and 9 to 10 LHA/D and Amphibious Ready Group (ARG). We would be able to sustain about one nondeployed Carrier Strike Group and one nondeployed ARG fully certified and able to surge on required timelines to meet all missions associated with one large-scale operation, as defined today. However, Navy would not be able to conduct one large-scale operation and also counter aggression by an opportunistic aggressor in a second theater.

General AMOS. To be clear, the Marine Corps at 174,000 will be able to respond to a major contingency operation. The challenge is that we will not be able to respond to a major contingency operation while simultaneously covering our current global requirements and maintaining a one-to-two deployment to dwell ratio. In the event the Marine Corps is required to respond to a major contingency operation we will be required to accept risk in other capacities. This could mean reposturing crisis response forces or current forward deployed theater presence from U.S. Pacific Command while deploying CONUS-based forces below a one-to-two deployment to dwell. This is a Marine Corps that would deploy to a major contingency, fight, and not return until the war was over. We will have the capacity to respond, but will empty the entire bench to do so.

General WELSH. With sequestration-level funding, we will be forced to get smaller, both in terms of people and aircraft. When I entered the Air Force in 1976, we had 725,000 Total Force military airmen, including 585,000 on Active Duty. Today, we have 506,000 Total Force military airmen with only 329,000 on Active Duty. There is a limit to how small we can get and still fulfill the Defense Strategic Guidance (DSG) because our "supply" of forces is equal to the strategic "demand" with almost no margin in capacity. If the reduced discretionary caps continue, over the next 5 years we may be forced to cut approximately 25,000 (5 percent) Total Force airmen and approximately 550 (9 percent) aircraft.

A reduction in our overall warfighting capability diminishes our ability to deter war, and any reduction in our ability to deter war increases the risk not only for our Homeland, but our national security interests abroad. We cannot simultaneously and fully execute all 10 DSG missions. If sequestration were to continue, the Air Force's ability to execute multiple missions listed in the DSG will continue to erode.

The U.S. Air Force is the best in the world and is a vital piece of the best military in the world. This will not change even if sequester persists. When we are called, we will answer, and we will win. But the likelihood of conflict may increase as potential adversaries sense weakness and vulnerability.

Chairman LEVIN. Thank you, Senator Inhofe.

Senator REED.

Senator REED. Thank you, Mr. Chairman.

Thank you, gentlemen, for your service to the Nation. I think one of the issues that we have to ask, because so much turns on readiness, is ready for what? That'll be answered in some respects in the Quadrennial Defense Review (QDR), which will be affected by the budget, regardless of whether we're able to work our way through these obvious problems.

So could you give us a sense, General Odierno, from the Army's perspective, as to what you're looking at in terms of ready for what?

General ODIERNO. Thank you, Senator. As we learn from the past and look to the future, it's about having a capability to do a multi-phase, combined arms, joint campaign that operates in a very complex environment that includes a conventional opponent, irregular warfare, counterinsurgency, because that's where future warfare is going. So we have to train our forces to do that.

Right now the Army is great in counterinsurgency. We want to continue to keep that expertise, but we have to build our combined arms and joint capability to do a multi-phase campaign for a MCO. We were supposed to begin training for that in 2013. We were not

able to because of the cuts we had to make in our training dollars. So we are now behind, and that's the problem we have.

Right now we have a limited number of brigades that are capable of doing that right now, and we're falling further behind as we move forward.

Senator REED. One of the reasons that we are so well schooled in counterinsurgency is we invested over the last decade billions of dollars in counterinsurgency. Looking forward, is that going to be a primary sort of mission or ancillary mission in your view as you're looking to the QDR? If that's the case, we invested a lot of money for a capability that we might not be using.

General ODIERNO. I would say that it is a capability that's going to be needed, but will not be at the forefront as it has been in the past.

Senator REED. Thank you, sir.

Admiral Greenert, the same question, essentially. I think it embraces a lot of the issues that we want to talk about.

Admiral GREENERT. For us it's ensuring that we have the sea-based strategic deterrent on track. That's the top priority for us.

Senator REED. That's the *Ohio*-class replacement?

Admiral GREENERT. The *Ohio*-class replacement, yes, sir. So subject to my comments in my opening statement, this issue we have with 2014—the CR. We need to grow the program. I can't do that until we get a bill in 2014. With sequestration we lose \$150 million. It sounds sort of nagging, but we have to get design engineers hired. So even when we get the money, you can't click your fingers and hire 600 specialized design engineers. So we have to keep this coherent as we go along because we're on a very tight schedule, when the *Ohio*-class phases out, to deliver on time.

For us also it's the undersea domain. We have to own it, quite simply. It's my job as the Navy and to keep that on track. So I'm concerned we fall behind in anti-submarine warfare, keeping apace of our potential adversaries. So that's a priority regardless of sequestration. We will invest in that.

It's integrated air and missile defense, and that gets into the electromagnetic spectrum, cyber, and electronic warfare, and bringing those new capabilities in, from jammers to cyber warriors, et cetera. It's also just flat-out presence. Quantity has a quality of its own, as we state. Being sure that we have the right ships with the right capability with my partners to my left, the Navy-Marine Corps team, that we can be where we need to to take care of these little crises day-in and day-out so they don't fester and become bigger crises and we get in the situation of a major contingency.

Senator REED. Thank you, sir.

General Amos and then General Welsh.

General AMOS. Senator, the priorities for the Marine Corps are forward presence and the ability to respond to any crisis today, not a week from now, not a month from now, but today. So as we moved money around, as I've said earlier, to maintain that level of readiness, we're trying to keep a balanced force. So as you go forward into this sequestered force, the QDR force, when it's finally settled out, what we need to have in my Service is a balance between modernization, readiness, and personnel, the right amount, not hollow, but high state of readiness forces.

So to do that we are balancing this thing down, dialing all the dials, trying to make sure that we end up with something that is not a hollow force and that is a ready force. Amphibious Combat Vehicle, the replacement for our 40-plus-year-old tractors, is the number one priority for me, followed right after that by the F-35B, which is performing well.

So as we go forward my focus, regardless of how big the Marine Corps ends up being as a result or how much money I get, will be a balanced, high state of readiness force, ready to respond to today's crisis today.

Senator REED. Thank you, sir.

General Welsh, please.

General WELSH. Yes, sir. I think the dilemma that we all face is the choice of readiness today versus a modern, capable force tomorrow. The Air Force is no different. That's the thin line we're trying to walk.

For us, we have a requirement for readiness to respond rapidly. That's what we bring to the joint force. We also have a requirement to be viable against the threat 10 years from now. We are a high technology force. We are platform-based as a force, much like the Navy. We have to invest now to make sure we have the proper capability 10 years from now. That's why modernization of the F-35, the KC-46, and the LRSB are so critical to us.

The other thing that is a major concern for me is getting back to full spectrum training, much like Ray Odierno is worried about. We have walked away from that over the last few years because of the demand of the war in Afghanistan. Last year, we canceled our Red Flag exercises, which are our high-end training profiles, and we even canceled some of our weapons instructor courses because we didn't have enough money to conduct them. That is where we train our Ph.D.-level warfighters to lead and train the rest of the force. We have to get back to that.

Senator REED. Thank you very much.

Just a final brief comment, is that from the appropriations perspective giving certainty in terms of a budget, not a CR because that would be very difficult in terms of no new starts, but 2 years of certainty and some relief, in fact total relief, from sequestration would probably put you in the best position.

I see, let the record show, nodding heads.

Thank you.

Chairman LEVIN. Thank you, Senator Reed.

Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

I want to thank the witnesses and I wish that every member of Congress and every American were tuning in to your testimony today so that we would have a sense of urgency that, unfortunately, is certainly not significant enough to bring us back into, I think, a rational approach to our Nation's defense.

I thank you for your service and we're very appreciative to be around four Americans who have the respect and admiration of the American people.

I share all of your views, but you've left out a couple of items. One of them is the continued cost overruns of our weapons systems. Admiral Greenert, you just talked about you need \$500 mil-

lion additional for the USS *Gerald R. Ford*; is that correct? You just mentioned that?

Admiral GREENERT. That's correct, Senator.

Senator MCCAIN. Now, you didn't mention that we have a \$2 billion cost overrun in the USS *Gerald R. Ford*. Tell me, has anybody been fired from their job as a result of a \$2 billion cost overrun of an aircraft carrier?

Admiral GREENERT. I don't know, Senator.

Senator MCCAIN. You don't know. Actually, you should know. You should know, Admiral, when we have a \$2 billion cost overrun on a single ship and now you're asking for \$500 million more.

I would ask the same question of General Welsh: Has anybody been fired because of the cost overruns of the F-35? I don't think so. We've had hearing after hearing after hearing in this committee concerning the first trillion dollar defense acquisition in history.

The numbers are astronomical as to the size, increases in size of your staffs. We have seen doubling and redoubling size of the staffs of the major commands and your own. That's never been brought under control.

We now have 1.5 million civilian contractors and employees, civilians and their contractors and employees, and only 1.3 million uniformed personnel. That has to be cut back, the number of civilians, contractors, and personnel. They don't fight. They do great jobs, but they don't fight. You're going to have to, and this committee may have to, impose cuts in the size of your staffs. They have grown astronomically, by the thousands.

Finally, despite what some may think, I agree with former Secretary of Defense Gates, who said the "entitlements are eating us alive," the major one being growth of health care costs, consuming a larger and larger and larger percentage of our budget.

I'd ask if you would favorably be inclined to address: one, retirement as far as increasing gradually, prospectively, the number of years before retirement; two, increasing fees for TRICARE, which there's not been an increase since 1989; and also perhaps even looking at things like the contribution that used to be made for off-base housing and other costs that have grown so dramatically.

Maybe I could begin with you, General Odierno. Not only would I like you to answer that question, I'd be glad to hear you respond to my comments, particularly about cost overruns.

General ODIERNO. First, on compensation, we have to grapple with compensation within the military. The Joint Chiefs are working very hard with this issue. The cost of a soldier has doubled since 2001. It's going to almost double again by 2025. We can't go on like this. So we have to come up with a compensation package which deals with this. Not taking money away, but reducing the rate of pay increases, of base housing allowance, as you brought up; look at the commissaries, look at health care. We have to have a total package that allows us to reduce this cost.

Senator MCCAIN. Could I interrupt one second. Do you know of a single soldier, airman, or marine that joined the military because of TRICARE?

General ODIERNO. It would be difficult to answer that question. What I would tell you, though, Senator, is they do come with very

large families and health care is a big issue for them. But that doesn't mean we can't work with that.

In terms of cost overruns, I agree with you. We are tackling this problem. What I would tell you is we are holding people accountable, but we are not holding them accountable enough, and we have to continue to work that, specifically with the issue that you brought up.

Admiral GREENERT. Senator, these attributes of changes to compensation I would look at favorably. You're speaking my language, and I'm sure my colleagues feel the same way. It's about 50 percent of every dollar in DOD goes to personnel. Predominantly it's compensation, and if we keep going this way it'll be at 60 and then it'll be at 70 in about a decade plus. We can't do that. I think it's our responsibility to take a hard look at it.

When I talk to my people, they say: "My quality of life's pretty good, Admiral." That's the pay, the compensation, the stuff you mentioned. They say, "but my quality of work, I need some help; I have gaps; I want training; where's my chief? I want to go to the bin and get spare parts." That's what I want to do with that kind of money.

Senator MCCAIN. It's been referred to some of the best and the brightest are considering their options, which is something that never shows up on a profit and loss basis. Is that correct?

Admiral GREENERT. Yes, sir, you're absolutely right.

If I could talk to headquarters staff just a second, we've been assigned a goal of 20 percent as we're working to build our budget. We're going beyond that. We have a goal of money. We're looking at four times that reduction. We were looking at—we had a goal of 400, for example, civilian personnel. We're looking at five times that. We're taking a hard look at that, Senator, and we're going beyond the big headquarters. We're working our way down to the sub-headquarters.

So as you look at this orange and you look at the blue efficiencies, our piece of that to get at that, we're looking at about 25 percent of our reduction is in overhead and contractors. So we're taking a pretty robust look, and we look forward to briefing your staff when the time comes.

General AMOS. Senator, you'll find, I think, a ready audience up here for benefits. There's more than just TRICARE. It's everything that all fits underneath the personnel. I pay 62 cents on the dollar right now for manpower. That's not because marines are more expensive. It's just my portion of the budget is smaller. That's going to go well over 70 percent by the end of the Future Years Defense Program (FYDP) if something is not done.

So you're going to see the Joint Chiefs come to Congress through the President talking about a package of cuts and reductions, how we can cut that down. So that's en route. As you're aware, the folks are looking at the retirement. So we're open to just about anything. It's in our best interest and our Nation's best interest.

We're reducing the Marine Corps, if we stay on the sequester budget, by 28,000 marines. Inside that, a well over 20 percent of headquarters reduction. So I'm eliminating an entire Marine Expeditionary Force (MEF), a three-star headquarters on the east coast, three MEF—excuse me, two MEF. It goes away. I'm reducing in-

fantry battalions, regiments, air groups, pretty significantly. So we are paring that down, Senator.

As it relates to somebody getting fired, I can't speak to that. I can talk pretty intimately about the maneuvering around within the F-35 program with the management both at Lockheed Martin and the program manager's office and within my Service. We've paid very close attention to it. There have been cost overruns, but our vector is actually heading in the right direction on the Joint Strike Fighter (JSF) program.

General WELSH. Senator, the short answer is, yes, I absolutely agree with the need to get entitlements and benefit reform. There's no question about that. I hope that we would roll the savings we can make from that back into the tools and the training our people need to be fully ready. If we did that, they would understand the reason and they would see the result in a meaningful way. If we take the money and use it for something else, it'll be a bigger problem for them.

Cost overruns and growth, I fully agree with everything you've said. There's no excuse. We have to fix it.

We're looking at every headquarters, from the Air Staff to the component warfighting staffs. We're in the process in the Air Force right now of internally reducing 2 four-stars, 15 three-star positions, and decreasing the number of people in headquarters around them. We have to take this seriously, Senator. There's no other option.

Senator MCCAIN. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator McCain.

Senator Udall.

Senator UDALL. Good morning, gentlemen.

I'll admit that I'm frustrated that this committee's once again asked you to come up here and testify about the harm caused by sequestration. We in Congress created this monster and we keep dragging you up to the Hill to have you tell us how much damage that it's done.

I've met recently with my constituents in the great community of Colorado Springs last month. They made it real clear to me that they're tired of Congress' unwillingness to compromise and solve the problem. That view is echoed everywhere I travel.

The bottom line is that we all know that we've done serious harm to critical programs and our people, and it's very clear that none of this is really going to save us any money. I think you have made that case very powerfully. In fact, it's going to cost us more in the long-run than if we'd just buckled down and put in place strategic budget architecture based, for example, on the Simpson-Bowles plan.

You and the people you lead have been paying the price for our failure to lead and to act and I'm sorry for that. I apologize for that. But what we've been hearing from our constituents and from you should make it clear that we need to reach a bipartisan agreement, pass a budget, and get back on track.

Let me, in that spirit, General Welsh, turn to you. In your opening statement you said that if you were given the flexibility to make prudent cuts over time we could make the savings required under current law. Could you be more specific about the kind of

flexibility that you're asking for? I've been working with Senator Collins and others on pushing for better budget flexibility when it comes to making cuts government-wide, and it's important to know how we could get this right and how it could be most helpful.

General WELSH. Senator, in my view—and I think everybody in the room would agree—sequestration is a horrible business model. The mechanism of sequestration is a horrible business model. No successful business would try and downsize its product line or its costs doing it this way. Anybody would take a time period, determine what kind of savings you needed over the time period or what kind of reductions you needed over the time period. You take the beginning of that time period to actually close product lines, reinvest the capital or the manpower or the force structure saved into the successful product lines you wanted to continue, restructure your organization, and create savings at the back end of this.

If we had nothing more than a 10-year period to save whatever the number is, we understand we have to be part of the solution for the Nation, the financial solution for the Nation. No one is resisting that. This mechanism that makes us take big chunks of money the first 2 years is what is putting us into the readiness versus modernization dilemma. The overall cost of sequestration reduces our capability and capacity over time, but it doesn't break us. The mechanism is what breaks us.

So I would just say that if we had the trust available to believe that DOD would return \$1.3 trillion over 10 years and we could show you a plan of how to do that, eliminating this abrupt nature of the mechanism at the front end would be a much, much more sensible approach.

Senator UDALL. General, that's very helpful. I know this committee is going to listen as we move forward.

Let me turn to the economies of the military communities if sequestration remains in place. I was thinking about, General Odierno, the situation you face. We're cutting down to 450,000, perhaps as low as 390,000. There could be real damage done to cities like Colorado Springs and many around the country. The same, General Welsh, would apply to the Air Force if you were forced to roll back more critical space and aviation missions.

In Colorado over the last couple years, we've had some real challenges. We've had to battle floods and wildfires. Without the incredible support from soldiers and airmen, I can't imagine how much worse the losses would have been if we didn't have assets like the new aviation brigade at Fort Carson or the great airmen at Peterson and Schriever.

Could you comment on that and whether those studies have been done and what additional information we might need to be smart about how these cuts are made?

General ODIERNO. What a lot of people don't understand is in many cases—Fort Carson in Colorado, Fort Hood in Texas, Fort Bragg in North Carolina, Fort Campbell in Kentucky—they are probably some of the biggest generators of revenue for the States, period. They don't realize that as installations go away you're just not losing the soldiers and what they do; all the businesses that are around those installations for probably a 50-mile radius are im-

pacted by the shutdown and the loss of the impact of those installations losing people.

So the impact to the local and State governments is substantial. We have studies. I don't have the numbers with me for every installation, but we have numbers for every installation. When I go visit, they always brief me: This is the first, this is the leading employer of the State, second. It's either first, second, third, but it's very close to the top of leading employer in the State. People, many forget about this as we look at these reductions. So that's in addition to what I'm concerned about is the national security impacts it has.

Senator UDALL. General Welsh, would you care to comment?

General WELSH. Senator, a \$1.3 trillion reduction to DOD over 10 years is going to leave a bruise in lots of places. We have to understand how significant the pain is at each place before we make final decisions. But I think it's going to affect a lot of people in a lot of places.

I was just in Colorado, by the way, sir, visiting with a bunch of the firefighters from Fort Carson, from Colorado Springs, from the Air Force Academy, and Schriever and Peterson, and walking through the actions they took in battling the fires last year and this year. I was struck by the contribution they make to the community every day, not just when catastrophes occur. Nobody wants to reduce that contribution.

We lost, just the civilian furloughs last year, as a corporate body 7.8 million man-hours of work. Now, double that for the government shutdown impact on our civilian workforce. That's also 7.8 million hours of pay that doesn't go into the community in which those people live. So you can start to see the effects when we have these short-term losses of income. Long-term it would be more dramatic, obviously.

Senator UDALL. Thank you, General.

I see my time has expired, but I want to make a couple of very quick comments. I want to thank the members of the National Guard units who came to coalition from Kansas, Montana, Utah, and of course our Colorado Guard, for the incredible work they've done, not only immediately after our floods, but now to help rebuild our highways. We're reopening these highways months ahead of schedule and it's really a testament to the work ethic and the teamwork that those units brought to our State.

Second, I want to again thank you all for coming. I'm sorry we're here under these circumstances, but I'm pleased to see Senator Inhofe here. He's too tough to let a few blocked arteries keep him from doing his work.

Then finally, I want to associate myself with all the remarks about Congressman and Chairman Skelton. He was a wonderful man. He was a mentor to me. He had a habit of saying: "I'm just an old country lawyer." But that was the moment at which I would really listen to what Ike Skelton had to say, and I know everybody who served with him felt the same way.

Mr. Chairman, thank you for convening this important hearing. We have to get this right.

Thank you all.

Chairman LEVIN. Thank you, Senator Udall.

Senator Chambliss.

Senator CHAMBLISS. Thanks, Mr. Chairman.

Likewise, thanks to you for being here today, gentlemen. In my 20 years serving on the House Armed Services Committee and the Senate Armed Services Committee, we've never had, in my opinion, four finer leaders of our respective branches than the four of you. So thanks for what you do every day.

As we look at what we're going to do relative to defense spending, I'm one of those who thinks without question that we need to spend more money, that sequestration, as each of you have said, is going to become a bigger and bigger problem. But I also feel very strongly about the fact that whatever we are able to add to DOD spending, that we have to offset it somehow. We've simply got to get our fiscal house in order.

I think if we're going to do that the first place we have to look for offsets is at DOD itself. We asked in a hearing that Senator Ayotte and Senator Shaheen called on Tuesday of this week, we asked of General Dempsey, Senator Manchin did, for a list of programs or expenditures that DOD does not want to spend money on, that have been mandated by Congress.

We thought we would have that list by today. I understand now we're not going to get it until next week. But I think for certain one item that's going to be on that list, General Odierno, is the purchase of Abrams tanks that you have been somewhat vocal on, that Congress keeps demanding that you buy, that you don't need.

My understanding is that you are requesting a delay or a halt in production until 2017 and that the cost of that was going to be—the savings was going to be somewhere between \$436 million and \$3 billion over 3 years. I don't know what the exact number is, but either one of those is pretty significant. Is that still the case, that you'd prefer to spend that money somewhere else?

General ODIERNO. It is. We have the most modernized tank fleet we've ever had right now. It is in great shape, and, in fact, we're reducing our force structure, so we're going to need less tanks. But yet we're purchasing more tanks that we don't need. So the savings could be used in many different areas of our modernization programs that we need, for example, aviation.

Senator CHAMBLISS. As we go into the authorization bill, rest assured that it's issues like that that are going to be addressed. As we talk about sequestration, I know that a lot of these programs have taken years to develop and produce. So these programs that I'm going to mention weren't necessarily created or authorized on the watch of the four of you, but they are significant.

General Welsh, I understand there are 12 brand-new C-27J Spartans that will roll right off the assembly line and immediately mothballed. Since 2007, DOD has spent \$567 million on 21 of these airplanes, but only 16 of them have been delivered, and a majority of those are sitting in storage somewhere.

Also, there were 20 C-27As that cost the taxpayers \$596 million and they sit unused and are sitting in Afghanistan and are slated to be destroyed, although there may be some movement to try to send those to another agency or entity. But the maintenance contract on those airplanes I understand was canceled in March of this year and therefore they're unuseable.

General Odierno, the Army spent \$297 million to develop the Long Endurance Multi-Intelligence Vehicle, which is a blimp-like aircraft that would hover over the battlefield, that was canceled after one test flight and sold back to the contractor for \$301,000.

The Army and the Marine Corps are moving ahead, as I understand it, to purchase 55,000 trucks known as the Joint Light Tactical Vehicle to replace your current fleet of High Mobility Multi-purpose Wheeled Vehicles (HMMWV), which is probably understandable. But it's also my understanding that the committed cost of these per vehicle was \$250,000 and now it's gone to something like \$400,000 per vehicle, not unlike what Senator McCain alluded to earlier.

General Welsh, also a recent audit by the DOD Inspector General found that a contractor had overcharged the Defense Logistics Agency (DLA) for spare aircraft parts. There was one part, an aluminum bearing sleeve, that should have cost \$10, that DLA paid \$2,286 per item, and it resulted in a \$10 million overcharge.

Now, again, as I say, those are items that weren't necessarily created on your watch, but you're in the process right now of looking forward with respect to weapons systems, and I just hope you'll keep that in mind.

There's one area that I just want to mention as we look for savings, and that's in the area of medical research. Now, I'm a beneficiary of the research that's been done in this country on prostate cancer and I'm very thankful for that. They do a great job at the National Institutes of Health (NIH) on prostate cancer research and every other kind of cancer research.

But what I don't understand is why the military is spending \$80 million a year on prostate cancer research, why we're spending \$25 million a year on ovarian cancer research, and \$150 million on breast cancer research. We're also doing lung cancer research. Now, if there are particular needs that the military has regarding military research—and there are some because of particularly the casualties that we've suffered recently—I can understand it. But these are types of research that simply have no place, in my opinion, at DOD. They ought to be done at NIH.

I understand further that there is not real coordination between the research done, medical research done at NIH and what is done at DOD.

So, Mr. Chairman, that's not an item that these gentlemen have a lot of control over, but it's certainly an item that we need to look at, and the money would be better spent as a replacement for sequestration. My good friend, a good friend to a lot of us, Senator Ted Stevens, was one of the ones who first asked for prostate cancer research money to go to DOD. Several years later, he announced on the floor of the Senate that he had made a mistake, he should never have done that, and that that money ought to be spent on research, but it ought to be spent at NIH and not at DOD.

So as we go forward, gentlemen, in the defense authorization bill in the next couple of weeks, I look forward to seeing that list that General Dempsey gets to us with respect to items that come out of each of your budgets, that hopefully we can have the spine to stand up and say, irrespective of our parochial interests, we have to look after our men and women and they need this money to be

spent in other areas rather than in areas where the military themselves say we don't need to spend it.

Thank you very much.

Chairman LEVIN. Thank you, Senator Chambliss.

Senator Shaheen.

Senator SHAHEEN. Thank you, Mr. Chairman and Senator Inhofe, for holding this hearing today.

Thank you, gentlemen, for being here. I would hope, as the sentiments expressed by some of our colleagues, that this Congress would deal with sequestration in a way that means that you don't have to be here year after year after year talking about the challenges that our military faces because we haven't done our jobs here in Congress.

Admiral Greenert, I would like to begin with you, because we believe that the Portsmouth Naval Shipyard is the premier shipyard for modernization and maintenance of our nuclear fleet. I have a letter this morning from the president of the Metal Trades Council, Paul O'Connor, who talks about the impact of sequestration on the workers at the shipyard. I'm going to ask you to comment, but I wanted to read just two phrases from this letter because I think it epitomizes the challenges that they're feeling from sequestration.

He says: "With 9½ more years of sequestration hanging over our heads, 9½ more years of furloughs and layoffs, how will we attract the best and brightest young men and women to our most technologically sophisticated, complex, precision-based industry?"

He goes on to say: "The insecurity, instability, and volatility of sequestration on our shipyard and national workforce cannot be understated. The personal impact, mission impact, and national security impact are real and contrary to the best interests of America."

Mr. Chairman, I'd like to ask that this letter be entered into the record.

[The information referred to follows:]



Portsmouth Federal Employees Metal Trades Council

AFFILIATED WITH AFL - C.I.O.
P.O. BOX 2052
PORTSMOUTH NAVAL SHIPYARD
PORTSMOUTH, NEW HAMPSHIRE 03084
Telephone (207) 439-4281
Fax (207) 439-6046



Nov 6, 2013

US Senator Shaheen

520 Hart Senate Office Building

Washington, DC 20510

Dear Senator Shaheen,

I address you today as President of the Federal Employees Metal Trades Council at the Portsmouth Naval Shipyard, Kittery Maine. I will discuss some of the adverse impact to our shipyard as a result of sequestration.

As you know, Senator Shaheen, our shipyard is in the business of repair, maintenance, and modernization of our United States Naval fleet of nuclear power, fast attack submarines.

To date, the Portsmouth Naval Shipyard has been dramatically adversely impacted by sequestration. We are barely eight months into this ten year imposition. I tell you, frankly, our shipyard will not survive another nine years and four months of such oppressive constraints.

Let with me first begin with the heart of our shipyard, our highly skilled, trained, dedicated, devoted, and patriotic workforce. How much more stress and disrespect will we be expected to endure? We are the most efficient workforce in our nation in the business of nuclear submarine repair, maintenance and modernization, continually striving to "raise the performance bar". The Portsmouth Naval Shipyard sets the standard of industrial excellence in nuclear submarine maintenance. That includes both public and private sector shipyards. What was, until quite recently, a most highly motivated team of trades and engineering experts and leaders, is now being reprogrammed to fear the threat/reality of furloughs, to fear the absurdity of a law which bludgeons our shipyard's performance record and dramatically increases our cost of doing business by attacking the very men and women who prove and display their loyalty every day in defense of our nation.

AFFILIATED
UNIONS
Local 134
Asbestos
Local 546
Sheet Metal
Local 725
Riggers
Local 788
Pipefitters
Local 826
Machinists
Local 577
Operators
Local 920
Boilers
Local 1276
Electricians
Local 1018
Painters
Local 2077
Electricians
Local 5072
Carpenters



Member
National Safety Council

DoD Secretary Hagel has made it clear. In 2014, furloughs will not be enough to stave off the impact of sequestration. Lay-offs will be necessary. With nine and a half more years of sequestration hanging over our heads, nine and a half more years of furloughs and lay-offs, how will we attract the “best and brightest” young men and women to our most technologically sophisticated, complex, precision-based industry?

Many of our experienced workforce have “had enough” of the vitriol aimed at our national federal workforce. Our experienced men and women are leaving at a more rapid rate than in the past. This is creating a premature loss of workplace/trade experience, allowing insufficient time for knowledge transfer, resulting in a skills-chasm which may take decades to overcome.

We have seen increased activity with our Employee Assistance Program. The recent trend of increased activity is focused on work-related stress, keying on financial instability. This phenomenon has altered the historic “norm” which, up until recently, primarily focused on non-work related matters.

Through our Shipyard Outreach Program, we have established excellent working relationships with many local high schools, trade schools, colleges, and universities, introducing our future leaders to the great opportunities at the Portsmouth Naval Shipyard. This program has been highly successful, allowing us to “pluck the ripest fruit” from our local centers-of-learning. Under sequestration, our Shipyard Outreach Program has been officially curtailed, reduced to a volunteer, minimally staffed, unpaid team of caring men and women. Likewise, we can no longer offer these local centers-of-learning the opportunity to visit our “shipyard-in-action”. This is an unsustainable prospect for both our Shipyard Outreach Program and the future of workforce reinvigoration.

The small business impact of sequestration is equally dramatic. Many local small businesses supply our shipyard with goods and services. Our reduced workforce, through sequestration, minimizes the need for such goods and services with the ripple effect being felt by the small businesses collective bottom line and their workforce stability.

The question must be asked. Are we transitioning from the greater NH/Maine seacoast “Employer of choice” to “I’ll take my chances elsewhere”?

Sequestration, furloughs, and upcoming lay-offs are having a detrimental effect on our ability to entice, hire and keep a highly skilled workforce focused on our mission in support of our national security.

Sequestration is also impacting our shipyard mission. Each furlough day translates to 3-5 productive days lost when, depending on the job complexity, considering the pre-furlough day grind-to-a-halt through the post furlough day gear-up process. Remember, all nuclear submarine repair, maintenance, and modernization work must be completed

whether that work is performed on schedule or behind schedule. Furloughing our workforce drastically exacerbates our cost-to-value ratio by forcing submarine maintenance schedules to slip in an already existing climate of anemic budget constraints.

Here is an example of mission impact. Critical components could not be delivered on time at the end-game of one of our submarine overhauls because the support command responsible for delivery was under a notice of furlough. The result was a 4-day delay in schedule. This example, like many others, is loaded with spirit siphoning potential, again, adding significant cost to our mission.

The most blatant example of sequestration's impact to National Security at the Portsmouth Naval Shipyard is the inactivation of the USS Miami. The USS Miami was severely damaged by an act of arson. The Navy decided to repair the USS Miami. Repairs were underway. On Aug 6, 2013, when it became clear Congress would not act to end sequestration, the Navy declared through a press release, the USS Miami would be inactivated (defueled and cut-up as scrap) because of the budget constraints of the sequestration cuts. Those are the Navy's words, not mine.

The insecurity, instability and volatility of sequestration on our shipyard and national workforce cannot be understated. The personal impact, mission impact, and national security impact are real and contrary to the best interest of America.

The Portsmouth Naval Shipyard has endured, persevered, thrived, and led our nation for 213 years yet we are a modern, state-of-the-art facility, continuously improving, continuously reaching for a higher ground. We are the longest continuously operating federal shipyard in the US. We are the thinkers, the innovators. We are the Navy's "go to" shipyard. We have stood tall in times of war and in times of peace, in times of crisis and in times of calm.

Sequestration must end. Our shipyard requires it. You know the intent of the 2011 Budget Control Act was to use sequestration as the doomsday, default, budget strafing, weapon-of-mass-destruction, designed solely to compel the Super Committee to reach agreement on budget issues. It is disingenuous to use it for a more sinister purpose. Sequestration must end now.

Thank you for your time, Senator

Paul O'Connor



President, Metal Trades Council

Portsmouth Naval Shipyard

Senator SHAHEEN. Admiral Greenert, I wonder if you could talk about what you're seeing with respect to the long-term impacts of sequestration? You've mentioned some of those, but if you could elaborate further.

Admiral GREENERT. Thank you, Senator. I'm glad we get to see that letter because it very clearly states the debilitating effects of doing this year after year. It's inefficient and you lose productivity, and this fine gentleman described there: You can't hire people, so

you can't distribute your workforce, and you furlough them here and there. So where else are they going to—they're going to go elsewhere.

Somebody has to write the contracts. Somebody has to get the logistics done. Those are the people who, regrettably, we furloughed. We thought we had workers, but you can stand with a wrench in your hand and a welding rod, but you need the paperwork. Hey, it's all a team and it's a long chain.

We think we are saving costs. We're just avoiding costs, and we aren't even doing that. We're deferring costs, and then it's a one-point fill-in-the-blank factor later on. So that right there describes the maintenance conundrum that we have.

By the way, that's in a nuclear shipyard, which is one of our more stable enterprises out there because we hire people for the longer term, long planning, and all that. It is a premier shipyard and we have lots of use for it, if you will, in the future.

I'm concerned about—and I didn't mention earlier, but the shore infrastructure. We have reduced dramatically the shore infrastructure in order to keep forces forward. So we went from 80 percent, if you will, of our motto, which is nothing I'm necessarily all excited about, down to 55 percent. We're deferring work that's going to come to roost.

Fortunately, in fiscal year 2013 we were able to meet, thanks to Congress, a reprogramming and getting that 6 percent requirement done to recapitalize. But in fiscal year 2014 I'm very concerned. We have \$1 million we need to get to do that right. Hopefully we'll get reprogramming or a means or a bill to do that. But that infrastructure is very important to us.

Senator SHAHEEN. Thank you.

General Welsh, Senator Chambliss talked about some of the areas where there is money being spent that may not be most efficient. One of the things that we've looked at on the Readiness and Management Support Subcommittee is the Air Force's proposal to spend about \$260 million for two hardened hangers in Guam. Now, my understanding is that hardened hangers cost about twice as much as those that are not hardened.

I wonder if you could prioritize the need for that versus the other needs that you and the other members of the panel have identified with respect to readiness and training and the other challenges that we're facing?

General WELSH. Thanks, Senator. I don't think it's a matter of comparing them in every case. In this particular case, the hardened facilities on Guam are a response to a combatant commander request to provide more resilient capability on Guam because of an increased threat of surface-to-surface missile attack. He didn't request that everything be hardened, just those things that are key facilities that you couldn't improvise for if there was damage on an airfield. That's what those facilities are based on. So we are trying to support U.S. Pacific Command in that effort to meet his war plan requirements.

The readiness and modernization requirements are much bigger than \$256 million. So I don't think that's the reason we can't be more ready today, although every dollar will help. But the readi-

ness problem we face over time is significant. To fully restore our normal readiness levels over the FYDP would be almost \$3 billion.

So we're looking with sequestration at a long-range problem that is significant. It's going to take us 10-plus years to get readiness back to the level we want under a fully sequestered budget, and we'll only get there by reducing the force enough that we can keep a smaller force ready, which means less capacity, less capability to respond globally, less options for the national decisionmaker.

Senator SHAHEEN. I think we certainly all appreciate that. But, as Senator Chambliss ticked off a number of projects that have significant cost to them, this is one that also has some significant cost. When you add up those \$250 million projects, pretty soon we're talking real money. So I do hope that this is one that you will continue to look very carefully at.

General WELSH. Yes, ma'am.

Senator SHAHEEN. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Shaheen.

Senator Ayotte.

Senator AYOTTE. Thank you, Mr. Chairman. I want to thank all of you for your service and for your leadership during these challenging times.

Let me just echo what my colleague from New Hampshire has just said about the Portsmouth Naval Shipyard, Admiral. Where are we as we go forward with sequester in terms of fleet size and the attack submarine fleet? I know you mentioned in your opening testimony that one less *Virginia*-class submarine would be built during the period that we would like to build it. So can you give us a picture of what the overall fleet looks like?

Admiral GREENERT. As I mentioned, the undersea domain is critically important. We need 45 to 55. Our goal is 55. We'd be down to 48 submarines in 2020. I use that as a benchmark year. Unfortunately, due to sequestration, we lost the USS *Miami*, which was a project Portsmouth had. But the overruns, the furloughs, and the need to have to go to a commercial workforce instead of using Federal workforce, it was just too much. We couldn't afford that submarine and continue to do the other.

Senator AYOTTE. My understanding is that we aren't meeting combatant commanders' needs with respect to the requests they make for assistance from the fleet now. What's the rough meeting of where we are in terms of combatant commander requests?

Admiral GREENERT. Just in submarines, the combatant commanders as they look at the world distribution of submarines for intelligence, surveillance, and reconnaissance (ISR), they need about 19 submarines at any time deployed. We can support about 10 to 11 and we distribute them—we broker how that works. So we're about 50 percent, and that's pretty reflective of the overall fleet request versus what we can provide today.

Senator AYOTTE. Great. Thank you, Admiral.

General Welsh, when do you expect the F-35A to achieve full operational capability?

General WELSH. We hope that happens in 2021, Senator.

Senator AYOTTE. Okay, thank you.

General Odierno, let me ask you. You and I talked about it when we met. What is your assessment of the A-10 and its close air support capability? How important is the A-10 to the Army?

General ODIERNO. Thank you, Senator. As I know General Welsh would say, the A-10 is the best close air support platform that we have today. In Afghanistan when they put the Litening targeting pod on it became the most complete close air support system, that combined with the Remotely Operated Video Enhanced Receiver (ROVER) capability, its gun systems. It's performed incredibly well in Iraq and Afghanistan. Our soldiers are very confident in the system as it goes forward. It's a great close air support aircraft.

Senator AYOTTE. Thank you.

Can I ask you something? We talk about the savings issue and something that I know this whole committee actually signed off on, but I fought very hard to not get money appropriated for, but I think it highlights the issue that you've heard from Senator Chambliss and you've heard as well from Senator Shaheen on some examples of, we're all concerned about sequester, but also making sure that we use the money that's allocated in the best way possible for our men and women in uniform.

One of them that leaps to mind on my end is the Medium Extended Air Defense System program, where we spent \$3 billion between fiscal years 2004 and 2011. I look at some of the choices that you're asked to make today. I just hope that we're not going to continue to spend any more money on programs like that. Please tell me, General, that we aren't?

General ODIERNO. We're very focused now. We have to make tough choices. We have to spend money on programs that are best for us.

I would make one comment, and I'll make a general comment. You have to remember that as you look at cost per vehicle and things like that, the reason some of them are going up is because we're purchasing less of them because we have less money and we have less force structure, and that drives the cost up on some programs.

But we are looking very carefully. It's only the programs we need that we're going to invest in. We're not investing in programs we actually do need, and so it's important we don't use money for programs that aren't going to directly impact our soldiers.

Senator AYOTTE. Before we leave I want to ask about one particular topic, General Odierno and General Amos, we've talked about it—Afghanistan. How do you assess the situation in Afghanistan right now? I'm worried that so many of our colleagues, frankly, aren't focusing on the fact that we still have men and women who are serving in Afghanistan.

What is it that we need to do to secure our interests in Afghanistan? Can you tell us, where are we on this decision on what the follow-on force structure will be? With that decision, can we get to a point where whatever that follow-on is, it's actually too small to make sure that we need to achieve not only the ISR issues that we have to address in Afghanistan, but ensuring that our own forces are protected?

So, General, you and I talked about that. Where are we on Afghanistan?

General ODIERNO. Thank you, Senator. First, until we get the Bilateral Strategic Agreement (BSA) approved, that's when we'll start discussing what the end strength is post-2014. We're certainly hopeful that we will get that agreement with the Afghan Government that allows our soldiers, sailors, airmen, and marines to continue to operate in Afghanistan.

What we have to—what I would say is—and the other thing I would say is I believe we're making incredible progress in Afghanistan, by the way. We don't talk about that a lot. The Afghans have taken over. It's working. They are taking responsibility. But we have to stay with them. It's important that we stay with them and they continue to have the confidence with the multinational force behind them, both the United States and others. That's key as we move forward.

As we make decisions on residual forces, there comes a time when if we get too small then our ability to protect our own forces is at risk, and then we have to make sure that we communicate that to the President. The Joint Chiefs have had these discussions and we will communicate that as we move forward.

Senator AYOTTE. I understand certainly the feeling that people have, given the conflicts we've been involved in, of wanting to withdraw. So what are our interests that are at stake in Afghanistan in terms of getting the BSA right and getting the correct ratio of follow-on forces? I know my time is up, but I think this is an important question.

General ODIERNO. First off, we need the BSA to protect our soldiers. Once we get soldiers, sailors, airmen, and marines that are operating there, that allows them to do their job and continue to support the Afghans.

In Afghanistan, it has come so far. It's hard to describe to someone who has never been there how far that country has come, the progress that has been made, the security that the people feel, the fact that the Afghan security forces are stepping up in a big way to support their own people.

But they're not ready to completely do that on their own, so it's important. We have to provide new kinds of support, training, advising, building their institutions, making sure they can continue to move forward, because there are those that want to go back and take control and there are extremist organizations that will directly threaten the United States. We have come too far, we have invested too much, for us to back away from that now, because we are close on the cusp, I think, of being successful.

I think it's important that we understand that and that we should draw lessons from what we're seeing in Iraq, by the way, to that as we move forward.

Senator AYOTTE. Thank you.

Chairman LEVIN. Thank you very much, Senator Ayotte.

Senator DONNELLY.

Senator DONNELLY. Thank you, Mr. Chairman. I want to thank all of you. It is an honor to have you serving and leading our country.

General Odierno, I was privileged to serve with Ike Skelton and he was to me the model of how to serve—dignity, humble, hard-

working, incredibly smart. As I know you know, his reading list was also required reading for the rest of us as well.

The question I have is—and this ties in, Admiral Greenert, to a conversation we once had. You mentioned earlier today about at one time pay and benefits was one-third, it looks like it's heading for two-thirds. For each of you: What is about the proper balance in terms of those kind of costs and everything else? Generally, you had mentioned that it's 70 percent now or heading there. What is about the right balance for each of your forces?

General Odierno, if you'd like to start.

General ODIERNO. Best case for us is we want personnel costs to be somewhere between 42 and 45 percent of our total budget, and we're past that now. We're over that at this point.

Senator DONNELLY. Admiral?

Admiral GREENERT. I would agree with General Odierno. Right now we're at about 50 percent. I think that's okay. That's about right. But then we need to look internally and say, okay, what's growing the fastest and what does it mean to our constituency? Does it really affect them that much in what makes them a better sailor, soldier, airman, or marine? So there's that piece too of a balance across all those entitlements.

General AMOS. Senator, I think somewhere—I'd be thrilled if I was in the low 50 percent. I don't know that it's realistic that I'll ever get in the 45 to 50 percent mark.

Senator DONNELLY. I think we recognize it's different for each force.

General AMOS. It is, it is. It's a shared budget with the Navy. It's just a function of being able to get that down, and there are ways we can do that and we absolutely have to commit ourselves as a DOD and as a Congress to help us do that.

That's going to just erode my buying power to the point—I saw a study, we took a brief probably 3 or 4 weeks ago, that said if we stay on the course we're on, somewhere around 2025 we'll have 98 cents of every dollar going for benefits. You just project it out, extrapolate.

[The following information is provided to supplement the hearing record. Specifically, General Amos wrote to Chairman Levin requesting to correct the record by clarifying the paragraph above in his exchange with Senator Donnelly:]



DEPARTMENT OF THE NAVY
HEADQUARTERS UNITED STATES MARINE CORPS
3000 MARINE CORPS PENTAGON
WASHINGTON, DC 20350-3000

IN REPLY REFER TO:

Dear Mr. Chairman:

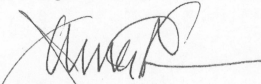
I'm writing to clarify my testimony before the Armed Services Committee on November 7, 2013, in regards to military compensation reform. As we work together toward passage of *the 2015 National Defense Authorization Act* and budget, I want to ensure both the leadership and the committee are fully apprised of my position on this critical issue. The Marine Corps fully recognizes that 'getting it right' and keeping faith with Marines, Sailors and our families is our moral imperative.

Specifically, in regards to page 31 (paragraph five) of the transcript, I responded to Senator Donnelly's question, inadvertently citing "98 cents" as the projected Marine Corps' budget directed to military compensation. My intent and the correct figure for military personnel account spending projections – if not addressed – will grow to "68 cents" by 2025. Please accept this correction for the record; striking the current figure with my intended comments within the official record as noted below:

"That's going to just erode my buying power to the point—I saw a study, we took a brief probably three or four weeks ago, that said if we stay on the course we're on, somewhere around 2025 we'll have ~~98~~ 68 cents of every dollar going for benefits. You just project it out, extrapolate."

Thank you for your continued support of servicemembers all around the world. I look forward to continuing our dialogue and appreciate your support for your Marine Corps. I remain ...

Semper Fidelis,


JAMES F. AMOS
General, U.S. Marine Corps
Commandant of the Marine Corps

The Honorable Carl Levin
Chairman, Committee on Armed Services
United States Senate
Washington, DC 20510

Copy to:
The Honorable James Inhofe, Ranking Member

Senator DONNELLY. Right.

General WELSH. Senator, depending on what you include in your accounting of the pay, entitlements, and benefits package, we're somewhere between 30 percent and 50 percent right now. The problem for us is that range would be fine; it's the growth that we're worried about.

By the way, I think we owe you and the other members of this committee and Congress a vote of thanks for the incredible job you've done compensating the great men and women who serve in all of our Services over the last 20 years. But the growth in that category is now the threat to modernization and readiness. So we just believe we need to control that growth over time.

Senator DONNELLY. As a follow-up—and I know you're all doing this—it would be helpful to get your best ideas on how to accomplish that on our end, as well as we look forward to how we put

these budgets together for the future to hit that proper and right mix.

Does flexibility help all of you and how significant would that be?

General ODIERNO. Senator, it depends on how you define "flexibility." If you're saying flexibility within each budget year, it helps a little bit, but in my mind it helps just around the fringes, probably different for every Service. What we need is flexibility across the whole sequester action, as General Welsh, I think, mentioned earlier. That's what's helpful because of the front-loaded nature of it, it throws us off skew of how we sustain our balance.

So if you gave us year-to-year flexibility, there are some things we can do, but in my mind that's only around the edges and it doesn't really solve the problem.

Senator DONNELLY. This would be to all of you, but in particular, General Odierno and General Amos. I was in Afghanistan in late April, early May. I was at Helmand Province as well. We had metrics that we were looking at and saying, if we're able to keep on these metrics by December 2014, we'll be in a position to basically turn everything over to the Afghans with some presence of residual forces.

There was some controversy—I shouldn't say controversy, but disagreement by some there and others there: Are we able to continue to hit these metrics and stay on target? I was just wondering if you could fill us in on where we are.

General ODIERNO. What I would tell you is we're ahead of those metrics. In fact, we've turned over responsibility to the Afghans in really over 90 percent of all of Afghanistan. There's only a very few places where they have not taken complete control of their own security. So, in my mind I think they're a bit ahead of the metrics that we originally had established back at that time frame, and they continue to move forward and do better than we expected, faster than we expected.

General AMOS. Senator, we're in exactly the same position. Just to give you a sense of what I'm talking about, we've transitioned about a year ago to train, advise, and assist missions instead of offensive combat operations. So we changed the training of our marines going in there. We put more senior leaders on the ground so that they could partner with the Afghan Kandaks, the battalions.

So we built that structure, and we put a one-star general in charge of it, specifically to focus on that while the other stuff was going on. We've just cut that force back by 50 percent, brought the one-star general home, not because we're trying to cut the force structure, but because it's been met with such great success.

By December 2014, will it be just phenomenal? No. But I tell you what, I'm confident we will have set the conditions for the greatest opportunity for the Afghan people to take charge of their lives. I actually feel very good about it.

Senator DONNELLY. Thank you. I see my time is up, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Donnelly.

Senator Vitter.

Senator VITTER. Thank you, Mr. Chairman, and thanks to all of our witnesses, particularly for all of your service to our country. We all appreciate that.

Number one, I understand that you have clearly articulated real problems in readiness; and number two, that lack of readiness costs lives and lives are directly at stake. That concerns us all.

I think the last time this possibility of a real hollow force and a significant lack of readiness happened was in the 1990s. General Odierno, I'll start with you. Would you consider the challenge today greater or lesser than that challenge then?

General ODIERNO. I believe our challenge is much greater today than it has been since I've been in the Army in terms of readiness. This is the lowest readiness levels I have seen within our Army since I've been serving for the last 37 years.

Senator VITTER. General, I agree, and I think the numbers confirm that. For instance, in the 1990s, this general episode I'm describing, at that problem the military described 80 percent of conventional and unconventional forces as acceptable with pockets of deficiency. Today, in contrast, at least on the Army side, you have said that only 15 percent of Army forces are acceptable, with 85 percent being below that; is that correct?

General ODIERNO. That is correct, Senator.

Senator VITTER. That certainly puts numbers on exactly what you said. But today's situation is much worse. In the 1990s there was a response to that. The administration, President Clinton's administration, made a specific proposal and worked with everyone, including Republicans in Congress, to get \$25 billion allocated for readiness. Will there be a specific administration proposal any time soon to this far greater challenge?

General ODIERNO. I think I can't answer your question, Senator. What I would say is, I think it has to do, as the chairman said earlier, with the negotiations that are going on for the budget deal, and out of that we hope that there will be something that comes back to DOD that allows us to deal with this 3- to 4-year window we've talked about and readiness challenges that we have and get rid of this sequestration, which is, as everyone has said here numerous times, a horrible way to do business.

Senator VITTER. I'm familiar with those negotiations. I don't think anything is being discussed currently that approaches a specific concrete response to this particular problem. I know you aren't the ultimate decisionmakers, but I would urge the administration to put forward a specific proposal, as President Clinton did in the 1990s in a situation that I believe you're correct in saying was far less challenging, although it was serious.

General, I also want to ask about some readiness issues regarding joint readiness training and the like. I have a particular interest in that because some of that happens at Fort Polk in Louisiana. Sequestration has forced the cancellation of several Combat Training Center rotations. Can you describe how important those rotations are and the impact on that readiness?

General ODIERNO. In fiscal year 2013 we had to cancel seven rotations. What that means is you have—usually it's a force of about 5,000 to 8,000 men and women who go there, who get a chance to train and really get certified in the kind of operations that we think they might have to deploy and do. So we weren't able to do that.

Not only that; you lose a significant amount of experience that is gained by your leaders. For example, that equates to about 250 company commanders, about 50 battalion commanders, and 7 brigade commanders who did not get the training that is necessary for them to do the operations. That also includes their soldiers. So that in effect keeps happening; it just continually degrades the readiness.

So in 2014, what we're going to have to do is, we're going to focus all of our dollars to seven brigade elements, so at least I can get seven brigades trained, because that's the only money I have to do that. Everyone else is going to go untrained. They will not be able to do the training necessary.

Senator VITTER. So if that is accomplished for seven brigades only and no more, how would you describe the impact on critical core competencies and readiness?

General ODIERNO. What that means is we're going to have about a little over 20 percent of the force, maybe 25 percent of the force, that is trained in its core competency. The rest will not be trained in their core competencies.

Senator VITTER. General, I just want to underscore. The specific training we're talking about is the training that's most relevant to the sort of operations we face today, is that correct?

General ODIERNO. That's correct. If we had to deploy in the Middle East, if we had to deploy to Korea, if we had to deploy anywhere, that's the kind of training they are not receiving. So what keeps me up at night is that if something happens and we're required to send soldiers, they might not be prepared in the way I think the American people expect us to have them prepared.

Senator VITTER. A final question for any or all of you. Has the standards in terms of what we are preparing for, in fact, been lowered over the last few years, the readiness requirements?

General ODIERNO. Lowering? I don't know if I'd say lowering. So what we've done is—let's take Afghanistan, for example. The units that are getting ready to go to Afghanistan are training very differently today. As General Amos mentioned, they're being trained to do training and advisory missions. They're not training to do full spectrum operations, which we would normally train them to do, because they are just going to do that. They have not been trained in that, in the things that we think are important as we develop the readiness levels in order to respond to contingencies.

Senator VITTER. I guess what I'm asking—let me try to be clear—overall, in 2010 in the QDR the requirement was to fight two wars on multiple fronts and win while engaged in significant counterterrorism operations. Hasn't that bar been lowered significantly?

General ODIERNO. It has.

Senator VITTER. As that bar has been lowered significantly, do you think the world has become a safer place?

General ODIERNO. No. As I stated earlier, I believe this is the most uncertain I've ever seen the international security environment.

Senator VITTER. Thank you. That's all I have.

Chairman LEVIN. Thank you, Senator Vitter.

Senator Hirono.

Senator HIRONO. Thank you, Mr. Chairman.

Thank you all for your service and for acknowledging the contributions and service of Congressman Ike Skelton, with whom I had the privilege of serving in the U.S. House of Representatives.

You've all testified with quite a lot of specificity about the negative impacts of sequestration. I look at the DSG, and I think each of you have acknowledged that this is an articulation of future threats, challenges, and opportunities. We face enough challenges, i.e., cost overruns, the cost of energy to DOD, increasing personnel costs, without—and meeting the goals of the DSG—the mindlessness of sequestration.

There are some who say that we should just give you more flexibility. But in my view, giving you flexibility which takes sequestration as a starting point is like moving the deck chairs on the Titanic. Would you agree with that?

General WELSH. Senator, flexibility is not the ideal solution. It's getting rid of the mechanism of sequestration.

Senator HIRONO. Yes, we need to replace it.

General WELSH. Flexibility is a help if we can't do that.

Senator HIRONO. So would you agree that what we need to do is replace sequestration with a more rational approach to what you need to do?

General WELSH. Absolutely.

Senator HIRONO. All of you agree with that?

Admiral GREENERT. Yes, ma'am.

Senator HIRONO. There were some questions relating to the unsustainability of the percentage that personnel costs are with regard to all of your budgets. I would like to know, as we go forward you must have done some thinking on what kind of factors would you apply in making recommendations on changes to your personnel costs? What would be your philosophical perspective going forward in making your recommendations?

Admiral GREENERT. Senator, I'll take a crack at it if you don't mind. One, we'd look at things that would be reversible. For example, if we were to slow pay raises or something of that regard, something that, when done, look at the impact on the constituency and can that be reversed, because we have to maintain the All-Volunteer Force. That's very important.

Two, it has to be transparent. Our folks, we have to speak to them, make sure they understand why, what, how, and what is the purpose, and where this all fits in, and their families, so that they see that.

Three, I believe there has to be a balance. I alluded to this before. Pay, housing, TRICARE, these sorts of things, tuition assistance, to be able to go get a degree, is the quality of their life. But also, when they go to work what is that quality? Do they feel appreciated in that job? Do they have what they need, tools, personnel, oversight, leadership, and the training, so that they're proud of what they do and they can do that?

I think we need to balance those too as we look at it.

General AMOS. Senator, I think there are from my perspective a couple of categories. The first one is internal controls on things like bonuses and everything from real estate to things we do to recruit and assess marines. We have gone back into that in the last 12

months and culled out some significant savings. So internally those are the mechanisms that we are balancing with regards to retention and recruitment.

But to Admiral Greenert's point, this holistic package of the force, I have a piece that we're writing on be careful we don't break the All-Volunteer Force. I think there's plenty of room to maneuver, by the way, before you get there. I'm not advocating there's not. But we just need to be mindful that we've had this All-Volunteer Force, we've asked a lot of it, and they've actually done remarkably well, and it's probably a model for every nation around the world.

But inside of that there is room to maneuver on health care costs. We talked about TRICARE premiums. There is room to maneuver, perhaps, on pay raises. There is room to maneuver on basic allowance for housing. Right now it's typically on a 2 to 3 percent rise every year. Do we need to do that while we're in this?

So there are things like that that we're working on.

Senator HIRONO. My time is almost up, but I take it that all of you would make these kinds of recommendations with a view to make sure that we are really mindful of the need to support our troops and to support their families, so that we are not going to take away the kinds of benefits and programs that they rely upon as you move forward to decrease these personnel costs.

General ODIERNO. Senator, that's exactly right. We have to take into consideration what it takes to maintain the premier All-Volunteer Army. We all understand that and that's forefront in our minds. But if you get out of balance—I talk about the best way to take care of a soldier and their family is make sure he's properly trained, has the right readiness levels, and when he goes somewhere he comes back to his family. We have to balance that part of it with making sure they can live the quality of life for the service that they're giving to our Nation, and we certainly understand that. So it's finding that right balance, and we think we have methods to do that, Senator.

Senator HIRONO. Mr. Chairman, my time is almost up, but I do have some questions that I will be submitting for the record having to do with how sequester is impacting the research and development efforts across all of our Services and making sure that we maintain an industrial base, as one of you—I think it was Admiral Greenert, who mentioned that it is really important to maintain our defense industrial base, and the impact of sequester on that goal.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Hirono.

Senator Lee.

Senator LEE. Thank you, Mr. Chairman.

Thanks to all of you for your service to our country and for joining us today. I deeply appreciate it and, on behalf of constituents that I have back in Utah, I express my deepest gratitude to you and those who serve under your command.

For the last 2 years, we've heard a lot from a lot of high-ranking military officers like yourselves, who have come before this committee and others, in front of the men and women that they command, in front of the American people, to express the grave con-

cerns they have about sequestration and what it could do to our military, our military readiness, and everything we do through our military.

I've heard Members of Congress on both sides of the aisle and on both ends of the Capitol express grave concerns about the impacts of sequestration, about what could happen. I've heard my own constituents, people from throughout Utah, many of whom are currently serving or have served in the military, express similar concerns. It's an interesting conversation. It's sad that we have to be having this conversation, especially since sequestration was something put into law at a time when nobody believed it would ever happen. It was supposed to be so bad that we would do anything and everything possible in order to avoid it, and yet it has arrived.

So my first question, which I'll leave open to any of you who might want to answer it, I'd like to know a little bit about the means by which, the format by which, the regularity with which you communicate these kinds of concerns, the sorts of concerns we're talking about today, about sequestration's impact on readiness and on DOD generally. How and in what way do you communicate those concerns to the White House?

General ODIERNO. I would say that, first off, as the Joint Chiefs we meet twice a week to discuss many key issues, to include policy issues, health of the force issues. We clearly have discussions, and then the Chairman, as the Chairman, takes those to the White House.

But we also have periodic meetings with the White House. In fact, we have one next week, where we'll have the opportunity to go over and discuss many of these issues with the President. I think he's been very open in meeting with the Joint Chiefs on these types of things. So there are forums in place to do that.

We also obviously meet on a regular basis with the Secretary of Defense, where we have the opportunity to talk about the issues we have, and he also takes those forward. I think there's avenues there that are open to us that we use on a quite regular basis.

Senator LEE. If I understand it, General Odierno, you do meet regularly with the White House and you're able to communicate these openly, effectively, to people in the White House at the highest levels, including the President and the Secretary of Defense? Okay, that is good to hear.

My concern and one of the things that animates that question is that I have not sensed quite the same level of alarm coming from the White House as I have sensed when I've met with each of you. I have not sensed that same level of concern. We've seen a lot of action, a lot of energy from the White House going into efforts involving everything from gun control to defending Obamacare, to fixing the web site, and so forth. I have not heard the same level of concern, the level of alarm, that I'm hearing from you. That does cause me some concern.

It seems to me that if the administration did, in fact, think this situation was this dire, as dire as you are explaining it to us, I would expect to see that issue, those sets of issues, receive a lot more time and attention and energy from our Commander in Chief.

Going along with that, instructions on preparing for sequestration in 2013 were not even initiated until just a few months before it went into effect. The President didn't consider the possibility of sequestration in his 2014 budget request, despite the fact that it is law, despite the fact that that law has not been repealed, it has not been modified in a way that makes it irrelevant or less relevant.

So can you, any of you, describe for the committee what instructions, if any, you're receiving from the White House and from the Office of Management and Budget with regard to how to deal with sequestration in 2014 and the budget for fiscal year 2015?

Admiral GREENERT. We've been directed and we're in the process, as we described before, to put together a budget that—we call it “the alternate POM,” Program Objective Memorandum—which assumes sequestration levels, BCA caps. That is being prepared and today we are deliberating on that, called a program budget review, in DOD.

There is also a secondary level that is under consideration at a higher level, that we also will deliberate over, so that there's an option available. But we are focusing on in DOD right now the alternative, that is the BCA cap levels, if you will. But there are two, there are two options.

Senator LEE. Okay. Thank you, Admiral, for that. When you say, “so there is an option available,” meaning so we have options on the table, options?

Admiral GREENERT. There are options. So what option will be chosen and under what circumstances, I really couldn't tell you, Senator. But you wanted to know what are we directed to do and that is what we're doing, just again those two levels.

Senator LEE. So presumably those options will be considered by the President and the Secretary of Defense, and at some point a decision will be made?

Admiral GREENERT. Presumably, yes, sir.

Senator LEE. Okay. Thank you, Admiral.

I see my time has expired. Thank you, Mr. Chairman.

Chairman LEVIN. Thank you very much, Senator Lee.

Senator King.

Senator KING. Thank you, Mr. Chairman.

There's a lot of discussion about flexibility. It seems to me in this situation a way to think about it is we're telling you that you have to cut a finger off and you get to decide which one. That's an unattractive form of having to make decisions.

I want to talk about morale and the effect of this. Senator Levin and I were in the Middle East this summer and the biggest impression I came back with was an extremely favorable impression of the young people that we have working for the U.S. Government in the military, in the Intelligence Community, in the State Department. These are idealistic, hard-working, dedicated people, who we're frankly not treating very well.

They've been through furloughs, they've been through a shutdown. They have the sequester. They don't know what the future of their benefit programs are.

Is this starting to play itself out in terms of retention and recruitment and morale in the Services, General Odierno?

General ODIERNO. Senator, thank you for the question. I would say that there are two pieces to that, the civilian workforce and the military workforce. The civilian workforce, we are seeing, I'm not saying significant morale issues, but there are questions by the civilian workforce because they've been through a furlough, they went through shutdown, and a reduction along with that. So they are questioning, how stable is their work environment, especially since it's still on the table.

In terms of the soldiers, the way I explained it is morale is good, but tenuous. Reenlistments are fine, recruiting's going okay. Soldiers—there's a lot of angst and the angst is kind of what you just said, people talking about benefits, people are talking about—obviously, in the Army we're significantly reducing the size of the force, so they're worried about their future.

But what makes me feel so damn good about it is what you just described, is that their morale is high, they're doing exactly what we ask them to do. They're training as hard as they can with the money we give them. When they deploy, they are there trying to accomplish the mission to the best of their ability. That's what's so frustrating to me personally, because of their personal dedication to our Nation and to our Army, and yet they have a lot of angst both individually and with their families because of all this discussion that's going on, the fact they might lose their job, they might lose benefits, they might—but they continue.

What's inspiring is they continue to do what we ask them, and they do it to the best of their ability. That's the best way to describe it to you, Senator.

General AMOS. Senator, I think our civilians—I don't have any metrics for this yet because it's too soon to tell. But when I talk to our civilian marines, as I mentioned in my opening statement, our civilian marines are looking at this saying: "I'm not sure. I love the institution, I love being a civilian marine, I like what it stands for; I just don't have confidence in it now."

They're looking at this, not only what they've just gone through, but they're looking at the fact that sequester they know is going to require a cut in civilian personnel over the next 10 years. It will require a cut in civilian personnel, there's no question about it.

So you look at all the things they've gone through and they're saying: "Boy, maybe I ought to look around."

So I don't see people jumping ship, but I do worry about it because they're the professionals. That's the civilian side of the house and they are the shock absorbers for us, and they're the corporate memory.

Inside my force, the Marine Corps is a young Marine Corps. 67 percent of all the marines on Active Duty today are on their first enlistment. They're somewhere between 18-years-old and probably 22-years-old. They didn't come in to sit back at home stations and be a garrison marine. They actually like deploying. When you go visit them in Afghanistan, in the Western Pacific (WESTPAC), you don't get questions like: "Well, shoot, what's sequester going to do to me?" They know how to spell it, but that's about it.

They want to know: "Hey, Commandant, is this going to be the last deployment I'm going to get on, or am I going to actually be able to go to combat again or be able to go to WESTPAC again?"

So our morale's pretty high right now and I think it's going to stay high as long as we give them something to look forward to. The re-orientation to the Asia-Pacific region has just reenergized a lot of marines as they think about Afghanistan. My gosh, we're coming out of there in 2014. What's left? We talk about Darwin, Australia, we talk about Japan, we talk about Guam, and their eyes light up.

So the morale in my Service is pretty high.

Admiral GREENERT. Senator, an anecdote. I had two of my systems commands, major engineering systems, ship and air, they have a lot of civilians and they came to me and said: "You're not going to have to worry about headquarters reduction and have a reduction in force; we'll do it with attrition. We have a lot of people retiring." That struck me because that's a lot of seniority and talent and experience going out that top and we don't have a lot going in the bottom. We'll be out of balance, and I spoke about that in my oral statement.

One other anecdote. General Welsh mentioned kids getting bored. In the Navy we're starting to develop a situation where when you get ready to deploy you're going to be ready, but, boy, you're going to do it fast and you're going to do it hard. So our pilots, a lot of our air wings—carrier strike groups about the air wing, they're flying a lot and training a lot for about 7 months, and they barely have time to get their legal will done and get their power of attorney done and then they're deploying and they're gone for 6, 7, 8 months.

Then they come back and they just longingly look out the window at their Hornet aircraft and say: "Gee, I wish I could fly again." So that have and have-not, when that gets into service records you're going to get a have and have-not feeling about it. I'd worry about that in morale and in eventually retention.

Senator KING. I want to just—I would commend to you, all of you gentlemen, an extraordinary speech by Robert Gates that was given just in the last couple of weeks. He put it—what you've been saying all morning, he put it very bluntly and succinctly. He said: "The greatest threat to American national security now lies within the square mile that encompasses Capitol Hill and the White House," and that we are the problem.

It was very stark. I think that's the point that you've been making today. What we're talking about here isn't academic, it's not dollars on a balance sheet; it's lives, readiness, and the ability to defend this Nation.

Thank you, gentlemen.

Chairman LEVIN. Thank you, Senator King.

Senator FISCHER.

Senator FISCHER. Thank you, Mr. Chairman.

I would add my thanks to you four gentlemen for your service to this country, and also my thanks to the men and women who serve under you for their commitment to keeping us all safe.

I would like to go on a different track here a little bit. At the end of July, Secretary Hagel released a statement on the SCMR. It's basically how DOD is going to cope with the sequestration over the next 10 years.

General Odierno, in your testimony before the House Armed Services Committee you stated that the SCRM was based on as-

assumptions which you described as “rosy” and “somewhat dangerous.” Specifically, you pointed out that it assumes conflicts will last just 6 months, little to no casualties will be sustained, no follow-up stability operations will be necessary, U.S. Forces deployed elsewhere will be able to complete, disengage, and redeploy to support a major regional contingency, and the use of WMD wasn’t even considered.

Can you elaborate on those assumptions and the danger you referred to about building force structure based on those assumptions?

Admiral GREENERT. If you reduce the requirement, you reduce the amount of forces that are necessary. So what happens is we do not have the ability to replace our soldiers that have to accomplish the mission. We don’t have enough. It’s about quantity. So for example, the assumption that a war in Korea would last less than a year. There’s nothing that makes me feel that that’s a good assumption, that we won’t have any casualties during a war somewhere around the world.

The fact that we do full disengagement, we just fought two wars, Iraq and Afghanistan. We did not disengage from other places around the world. It’s just not assumptions that I believe are appropriate.

What I worry about is that in the end the weight of those assumptions are not going to be on me. It’s going to be on our soldiers, our young men and women who are asked to do a mission that they simply do not have the capability and quantity of capability to accomplish. It results in more casualties, and it results—which is the most, in my mind, critical thing. It also makes rosy assumptions about our ability to quickly build a larger force.

In the 2000s, while we were fighting two wars, first, it took us 4 years to make a decision to say we can grow the Army. Then once we did that, it took us about 32 months to do it, because you have to recruit them and then you have to train them. So you can’t do that within a 6- or 8-month period. It’s impossible to do, and we made assumptions that we would magically be able to build this huge Army in a very short period of time.

It doesn’t happen that way, unless we go to the national mobilization, we go back to a draft, we go back to many other things. Even then, it would take longer than 6 months to a year—it would probably still take 2 years plus—to build another. So it’s substances like that that are incredibly risky as we go forward.

Senator FISCHER. Do you think this review is helpful in any way, to help planning within your different departments and DOD as a whole?

General ODIERNO. It is. There are some things that are good about it. Some things about priorities are good, some things about efficiencies. A lot of people have mentioned that there are clearly efficiencies that we still have to garner out of our own budgets, and we have to do that. I think some of that is very good.

But I do significantly worry about these assumptions that we make about our warfighting capabilities, which I think are rosy and somewhat dangerous.

Senator FISCHER. Thank you.

Admiral, do you have anything to add on the SCMR?

Admiral GREENERT. I think we need to keep in mind, it was options for a future, which was described. As General Odierno said: "Okay, well, that's nice, but we've never been able to predict that future." So it's kind of dangerous if you're wrong and in the world that I live with, of conducting presence if we reduce force structure to a level where we are not out and about, our allies wondering of our reliability. Our allies—therefore potential adversaries can get out of hand, if you will. Then we can pretty much have a mess because we're not deterring those by being together with our allies, and that's a great deterrent effect.

But lastly, I would say the ability to produce ready forces—you have to look into that very closely. As General Odierno said, there were some assumptions made, and we've talked about the debilitating effects here on the industrial base. That can be quite extraordinary and we need to consider that.

Senator FISCHER. I've had some comments made to me that President Reagan was able to build up the force fairly quickly when he became President. Would you agree with that? Both of you have said that it's difficult to build the force up quickly. Has it happened in the past? Do you think President Reagan did?

General ODIERNO. What he did was he didn't increase the size; what he did is he increased the investment into the force. During the Reagan buildup what we did is we increased our readiness, we significantly increased our modernization programs, which had an incredible impact on the capability that was developed during those time frames in the Army.

Admiral GREENERT. Yes, ma'am. The delivery of, in my world, the ships and the aircraft took place quite a bit after the investment, if you will. So the same thing occurs when you draw down. Boom, they're gone and you say, "well, I want to stand it up again." You have to make sure you have shipbuilders and aircraftbuilders as well.

So President Reagan was fortunate in that regard that he had a broad enough industrial base to be able to respond.

Senator FISCHER. General Amos and General Welsh, just briefly?

General AMOS. Ma'am, I'm with my colleagues on President Reagan. We lived with his legacy through the 1990s. We had the Reagan buildup, so when we went through the 1990s, the Gulf War, we used the equipment that came from the Reagan buildup. We sustained that even through the 25, 28 percent reduction-in-force of the late 1990s and the revolution in military affairs.

But it takes a long time to build the force, the people. But in today's market, programmatically it takes a long time to develop ships, airplanes. We're seeing that right now with the JSF.

Senator FISCHER. Your opinion of the assumptions in the SCMR, General Amos? Did you have an opinion on those?

General AMOS. Ma'am, say that again, please?

Senator FISCHER. On the assumptions that are listed in the SCMR, did you have any thoughts you wanted to share on that?

General AMOS. I share my colleagues' apprehensions about the assumptions. I think they were too altruistic. I do think it was helpful, though, because it gave a range. It gave a range of what a Service should look like, and I think that's helpful, because it energized the dialogue and got everybody moving.

Senator FISCHER. Thank you.

General WELSH. Ma'am, another assumption that was in there that is significant based on where we are today is that SCMR was underlined by an assumption that our force was fully ready, and that allowed you to execute the strategy. We're clearly not there today.

The other thing I would mention about the Reagan buildup is for the Air Force specifically, during that time we purchased about 2,600 new aircraft to modernize our force. In the latest buildup of our top-line budget between about 2000 and 2008, we built 260. So we did not modernize as the top line went up. A lot of that is due to the rise in personnel costs that we've already discussed. So the force still needs to be modernized in some pretty critical areas.

Senator FISCHER. Thank you very much.

Thank you, Mr. Chairman.

Chairman LEVIN. Thank you, Senator Fischer.

Senator KAINE.

Senator KAINE. Thank you, Mr. Chairman. To the witnesses, we appreciate your patience with us.

The effect of sequester on Virginia is just so palpable in all the communities that I visit. I gave my maiden speech on the 27th of February as a Senator. I think most maiden speeches are "Here's who I am" or "Let me tell you about my State" or "Let me tell you what I want to do." I don't think many maiden speeches were like mine: "Let's not do something stupid." I had to make my maiden speech about "Let's not do something stupid" because it was right on the eve of the sequester kicking in.

We cast a vote in the Senate to turn off the sequester and there were 53 votes for that. But because of the ability to insist upon 60 votes, 53 votes wasn't enough to turn off the sequester.

I just think it's always very important that we say this, and you can be more diplomatic than I'll be: It's because of Congress. Sequester is because Congress hasn't done a budget. Sequester is because we haven't been able to find a deal in normal order, we haven't been able to find a deal in supercommittees, we haven't been able to do anything other than kick the can down the road, CRs.

Congress could have fixed this. Congress shouldn't have put it in place. Congress can fix it, and the one bit of good news about this is there's a budget conference finally going on right now. One of the things I would certainly ask—everyone connected with the military or who loves it, whether you're Active Duty, veteran, or just a patriot: Tell the budget conferees—and there are some of us around this table; Angus and I are both budget conferees. Tell us to get a budget deal by the 13th of December, because what you need is certainty and a path out of sequester.

There have been some questions today, Mr. Chairman, along the lines of: Have you explained to the President how sequester is hurting national security? I found those questions kind of odd. The President submits a budget every year to Congress and I imagine that you talk to the President about your needs. If Congress would just pass the President's budget or pass the DOD portion of the President's budget or pass something within the general time zone of the DOD portion of the President's budget, would our readiness

issues be much easier to deal with than they are under the sequester?

Admiral GREENERT. Yes, sir, they would. The President's budget that we submitted and testified to, I for one found it was acceptable.

Senator KAINE. So there isn't a need for a President to come and bring a special request for, we're having readiness problems, here's my proposal for how we deal with readiness problems. All we have to do is pass a budget and get in the general time zone or area of what the President is proposing vis-a-vis the DOD and, while it wouldn't eliminate all the challenges we have, we wouldn't be here looking at charts like this, would we?

General Amos, I want to ask you a question. I looked through your written testimony quickly. You said something pretty blunt in your opening comment. I think I heard you use the word "ashamed," and I think it was in connection with you're ashamed about the way we are treating maybe some of our civilians with respect to the furloughs. I didn't write down the precise quote and when I went back through your written testimony I couldn't find it.

Could you just refresh me on exactly what you said, because I want to ask you what you meant by it?

General AMOS. I just handed my oral statement back, but I said I'm ashamed of the way we treated our civilian marines. As I look back at how we went through the furlough and how we went through the government shutdown, I'm looking at them—and by the way, we required them as soon as they came back to help us get this budget put in, get all the contracting done, close out all the deals at the end of the year.

These are the professionals that do that, Senator. It's typically not military people that are trying to get the contracts in, trying to get all the money obligated—the professionals that are working on our airplanes, our ships, our tanks, our equipment. So to be honest with you, when I look them in the eye I'm embarrassed, I'm ashamed. I think they are every bit as much patriots as we that wear the uniform are, and I think we treated them poorly. That's what I meant by that.

Senator KAINE. I appreciate your saying that because, again, we really are dealing with a problem that Congress created and only Congress can fix. Peppering you with more questions about whether you're appropriately informing the Commander in Chief about these effects is an effort to avoid looking in the mirror. We just have to look in the mirror in this place.

Again, Mr. Chairman, we do have a good opportunity right now, because the budget conference that should have started in March is now under way to try to find some certainty. General Dempsey was with a number of us the other day and he said: "The problem with sequester is it's money, it's timing, and it's flexibility, and all three of those create problems."

I worry about your planners. I think you have some superb planners in all your branches and with DOD. But instead of letting your planners run free to plan how to deal with an uncertain world, we're tying up their time making them figure out how to deal with an uncertain budgetary situation.

You don't have a budgetary number yet now. You don't know when you'll have a number. You don't know what the rules will be about the number that you will eventually get at some uncertain time.

So in an uncertain world, we are making your task almost impossible. So I feel ashamed. I feel ashamed to have you come back here again and again and again and tell us the same thing and not see any action to do anything about it.

General AMOS. Senator, could I comment? We're under a CR. You know that. It's a forced diet that prevents us from signing multi-year contracts. I have \$815 million worth of military construction in 2014. Three-quarters of it is for the President's strategy, the rebalance to the Pacific. I'm not going to be able to commit to that, I'm not going to be able to do those kinds of things.

I was just looking through some numbers in preparation for this hearing. As a result of sequester alone and the amount of—my share is \$10.2 billion or 3 percent over 10 years. Just in Marine Aviation alone, it's going to cost me \$6.5 billion of inefficiency.

So when we talk about cost overruns and we talk about all the other things we're going to try to call the money out, \$6.5 billion, and that's because multi-year contracts were—I either can't sign or I have to cancel, so I have to pay penalties now and buying airplanes on an individual basis.

At the end of that, that's four JSF squadrons and two MV-22 Osprey squadrons, simply because of the inefficient way we're going about doing business in this sequester.

Senator KAINE. Mr. Chairman, I just hope if we have another hearing on this, I'm going to suggest something that you're all too diplomatic and reasonable to do. But if we have another hearing on sequestration, I would suggest that you can bring whatever charts you want, but I would suggest you just bring a bunch of mirrors and put them up so that we can look at ourselves in our faces as we're talking about this. It's the only place we're going to solve this. This isn't on you to solve, it's not on the President to solve. Only a Congress can pass a budget. A congressional budget doesn't even really go to the President for signature. It's just fully within this body. It's fully within our power to solve this, and I pray that we will.

Thank you, Mr. Chairman.

Senator KING. The public gets this, Mr. Chairman. The public understands this. That's why our approval rating is below al Qaeda's. It's a sad state.

Chairman LEVIN. Two quick requests. One, did each of you support the President's budget request?

General ODIERNO. Yes.

Chairman LEVIN. Admiral?

Admiral GREENERT. Yes, sir, I did.

General AMOS. Yes, Mr. Chairman.

General WELSH. Yes, sir.

Chairman LEVIN. All right. Second, would you give us, General Amos, the breakdown for the record of that \$6.5 billion that you made reference to.

[The information referred to follows:]

The 2011 Budget Control Act (BCA), with 10 years of sequestration, will have a \$6.5 billion impact on Marine aviation. Across the duration of the BCA, sequestration costs to Marine aviation's major defense acquisition programs (MDAP) are \$5 billion due to program delays, inefficiencies (e.g. single-year pricing versus multi-year pricing) and reduced acquisition quantities over a longer period of time. Additionally, \$1.5 billion will have to be reprioritized from procurement and modernization accounts to ensure deploying combat-ready units maintain required readiness levels (C2 or better).

Using the President's budget request for fiscal year 2013 as a baseline, Marine aviation program cost growth due to procurement quantity decreases and schedule extensions associated with sequestration are based on the assumption that all MDAPs will be decremented 10 percent per year, with no flexibility, for the duration of the BCA through fiscal year 2021. Marine aviation program cost growth due to procurement quantity decreases and schedule extensions associated with sequestration will impact the following programs at a total cost of \$5 billion:

- Reduction in quantity of 21 F-35B/C during the BCA period at a cost of \$250 million.
- MV-22 multi-year procurement contract breach at a cost of \$1.6 billion.
- Reduction in quantity of 21 H-1 aircraft during the BCA period, resulting in a significant Nunn-McCurdy breach and a cost of \$511 million.
- Two-year delay in the low-rate initial production of CH-53K aircraft with a reduction in procurement of 39 aircraft during the BCA period. This results in the reduction in quantity of 57 aircraft from the original production ramp at a cost of \$2.6 billion.
- Reduced procurement quantities of the Ground/Air Task Oriented Radar during the BCA period at a cost of \$156 million.

Sequestration's impact on Marine aviation readiness is calculated with the assumption of a 10 percent reduction to yearly flight hours for each of the 51 Marine Corps flying squadrons. This equates to a yearly cut of approximately 350 flight hours per flying squadron, or 17,850 total flight hours across all Marine Corps flying squadrons. With the average cost per flight hour at \$10,500, the yearly decrement to Marine Corps flight hours due to sequestration is \$187 million. Prioritizing readiness by preventing a flight hour reduction requires the funding shortfall to be covered by investment accounts (i.e. procurement and modernization). The total cost of funding a \$187 million flight hour shortfall over the remaining 8 year duration of the BCA will be \$1.5 billion.

Chairman LEVIN. Now, Senator Blumenthal.

Senator BLUMENTHAL. Mr. Chairman, I realize we're in a vote, so I'm going to be very brief. First, I understand, Mr. Chairman, in a glaring omission on the part of our—

Chairman LEVIN. I'm going to turn the gavel over to you. Is it safe?

Senator BLUMENTHAL [presiding]. It's an awesome responsibility, but I think I'm capable of it.

Chairman LEVIN. Thank you all. Senator Blumenthal.

Senator BLUMENTHAL. We are in the middle of a vote, so I'm going to be very brief. First, I understand, Mr. Chairman, in a glaring omission on the part of our committee, we have not yet wished General Amos a happy birthday, even though it's a little bit earlier. Happy birthday, General Amos.

General AMOS. Thank you, Senator.

Senator BLUMENTHAL. Let me ask, for the record—I don't want to take your time with this. But I agree with what Senator Kaine has just said the responsibility being on the part of Congress. I think part of the way to deal with this crisis—and it really is a crisis—is to perhaps modify some of the contracts, long-term some of the percent process, which is not your doing. You aren't the ones who in effect burden the Services with the way we do procurement and how do we do procurement. The contracts which in effect, penalized the United States when it fails to make certain orders, or when there are cost overruns that are not your doing.

So I would like the panel to look at some of the procurement decisions, such as General Amos has just described, where we are in effect going to pay a lot more for weapons systems, whether it's airplanes or ships, as a consequence of sequester, so that we have some examples. They don't have to be in charts, but we need to be able to convince the American people about what the impact of sequester is, because right now it's a word, it's a term that has little or no meaning to 99.9 percent of the American people.

One of the other weapons systems—you described one, General Amos. But, Admiral Greenert, I understand that the Virginia Payload Module which results in a \$743 million design change to their *Virginia*-class submarine, has been undermined by some potential cuts in the 2014 budget. I support that design, the \$443 million for the design program. I think it will measurably and materially and significantly add to the capability of those submarines. To remove the money for designing and researching I believe will be really a loss of a tremendous opportunity; would you agree?

Senator GREENERT. Yes, sir, I would. As I stated before, we're talking about the undersea domain. It's a high priority for us. So as I discussed the concept of reprogramming, we'll search for that money. We're fortunate it's a long-term program in one of the early phases. But obviously the impact if we continue this will be dramatic.

Senator BLUMENTHAL. I also want to raise again, as I've done it previously with General Odierno, the Mi-17 helicopter issue, where I understand there may be limits to what we can do to reprogram money—I just want to state for the record, \$1 billion to buy helicopters from the Russian export agency that is also selling arms to Syria, when we don't have Afghan-trained personnel to maintain those helicopters will strike most Americans as a tremendous waste of money, first, because we're not buying American helicopters, which we should be doing if we have to provide helicopters at all; and second, because the Afghans can't use them as we would hope they would.

I understand that you may have a different position, "you" meaning the U.S. Army or DOD. But if we're going to buy those helicopters, we should be buying them from American manufacturers and training the Afghans how to use them.

General ODIERNO. I would just say, Senator, that I want to make it clear we're not buying those helicopters for our forces. I want to make that very clear.

Senator BLUMENTHAL. I understand.

General ODIERNO. Second, that's a decision that was made in-theater based on their assessment of the ability for the Afghans. They think they could, in fact, learn and train on the Mi-17s because that's what they've had in the past and that's why we're purchasing them. So we're the agent to purchase those aircraft for them, but that's a decision that was made by those closest to that issue.

Senator BLUMENTHAL. I understand we're not using—we're not buying those helicopters for American forces. They're being bought for the Afghans. But we are using American taxpayers' dollars, which could be used for the Virginia Payload Module or any other

of the very important needs that you have and that we need to address.

So I understand that those decisions have been made as a result of our recommendations by commanders in the field, and I just want to state for the record my reservations about that decision.

Thank you very much. Thank you to each of you for your service to our Nation. I think I am in charge of gaveling to a close, even though I don't have the gavel. Thank you very much for being here and your excellent testimony.

This hearing is adjourned.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR KAY R. HAGAN

FORCE STRUCTURE IN NORTH CAROLINA

1. Senator HAGAN. General Amos, currently there are almost 54,000 Active-Duty marines in North Carolina. Under the Budget Control Act (BCA) of 2011, the Marine Corps was reduced in total structure from 202,000 to 182,100, with 7,000 marines coming from North Carolina. If sequestration is allowed to continue, I understand that this could result in a further reduction down to 174,000, with 4,000 marines coming from North Carolina. How would these further reductions impact the Marine Corps' ability to meet current operational demands and respond to contingencies in the future?

General AMOS. Assuming that the requirements for marines remained the same over the foreseeable future, a force of 175,000 will drive the Marine Corps to a 1-to-2 dwell. It will be that way for virtually all operational units. Six months deployed, 12 months home recuperating, resetting, and training, and 6 months deployed once again. The 175,000 force accepts greater risk when our Nation commits itself to the next major theater war, as there are significant reductions in Marine Corps ground combat and aviation units available for the fight.

Under sequestration, the Marine Corps would effectively lose a division's worth of combat power. This is a Marine Corps that would deploy to a major contingency, fight, and not return until the war was over. The entire bench would be emptied. There would be no rotational relief like in Iraq and Afghanistan. Marines who joined the Corps during that war would likely go straight from the drill field to the battlefield without the benefit of pre-combat training.

The Marine Corps would have fewer forces arriving less-trained and arriving later to the fight. This would delay the buildup of combat power, allow the enemy more time to build its defenses, and likely prolong combat operations. This is a formula for more American casualties. We only need to look to 1950 and the onset of the Korean War to see the hazard and the fallacy in this approach.

DEFERRED AND CANCELED MAINTENANCE

2. Senator HAGAN. Admiral Greenert, in fiscal year 2013, operation and maintenance (O&M) accounts were hit particularly hard by sequestration and in many cases this resulted in deferred maintenance. As an example of this impact, Fleet Readiness Center-East at Cherry Point, NC, saw a reduction of 200,000 labor hours and a 12 percent reduction in throughput. As you well know, we have to pay for maintenance eventually, and the longer we put it off, the more it is likely to cost us in the end. How do you think these actions will affect the Navy in the short- and the long-term?

Admiral GREENERT. Fiscal year 2013 sequestration resulted in airframe/engine inductions and deliveries that were pushed into fiscal year 2014. Continued sequestration is projected to drive an additional backlog of approximately 190 airframe maintenance actions (of about 700 planned) in fiscal year 2014. Additionally, fiscal year 2014 sequestration may result in significant manpower effects including reduced overtime, contractor reductions, and civilian reductions. These effects would have the greatest impact in the third and fourth quarters of fiscal year 2014 which will greatly limit our ability to recover if funds become available.

BASIC ALLOWANCE FOR HOUSING

3. Senator HAGAN. General Odierno, Admiral Greenert, General Amos, and General Welsh, there is talk of reducing the Basic Allowance for Housing (BAH) that servicemembers receive relative to the determined cost of living for a given area. Do you feel that we should pass our fiscal burdens on to our servicemembers by reducing their BAH?

General ODIERNO. I am opposed to any initiative that would simply pass fiscal burdens on to soldiers. However, we find ourselves needing to review all expenses in order to maintain the appropriate balance as a result of the BCA with full sequestration. Even under the Department of Defense's (DOD) plan to slow the growth of military compensation, military members continue to receive a robust package of pay and benefits that compares favorably with private-sector compensation.

Providing competitive pay and benefits and the best possible training and equipment in the current fiscal and political environment is a monumental challenge. However, this balance must be found if we are to maintain the highest quality, ready, and modern military force we have today far into the future.

Admiral GREENERT. Reductions in BAH would likely be a disservice to the force. However, I do believe it is important to examine all components of military compensation and benefits in order to find opportunities to slow growth in some areas. We also must balance quality of life components such as basic pay, BAH, health care, and tuition benefits with our sailors' quality of work. We must ensure that when they go to work, we give them the tools and training they need to succeed.

General AMOS. Slowing the growth of BAH is a reasonable measure to meet the BCA. The origins of BAH provide to the servicemember no more than 80 percent of housing costs. Accordingly, the average servicemember had at least 20 percent in out-of-pocket expenses. In 2000, the Secretary of Defense committed to reducing the average out-of-pocket expense for the median member to zero by 2005. Given the current and future fiscal environment, marginal increases in out-of-pocket expenses for members is a reasonable consideration.

General WELSH. Given the current fiscal environment and continued projections of increasing compensation growth, we must review the current compensation package for potential reforms and to slow the growth. We cannot look at programs in isolation, but rather in totality, balanced across all beneficiaries, and then assess the impact on the total force.

4. Senator HAGAN. General Odierno, Admiral Greenert, General Amos, and General Welsh, how do you believe this will affect morale and retention of the force?

General ODIERNO. No decision has been made on any changes to military compensation packages. I am concerned about any piecemeal initiative that does not consider second- and third-order effects on the All-Volunteer Force (AVF).

Even under DOD's plan to slow the growth of military compensation, military members continue to receive a robust package of pay and benefits that compares favorably with private-sector compensation.

Providing competitive pay and benefits and the best possible training and equipment in the current fiscal and political environment is a monumental challenge. However, this balance must be found if we are to maintain the highest quality, ready, and modern military force we have today far into the future.

Admiral GREENERT. I think it is possible to reduce the growth of personnel costs and keep total pay and compensation competitive with civilian counterparts. It is also important for us to balance quality-of-life components such as basic pay, BAH, health care, and tuition benefits with our sailors' quality of work. We must ensure that when they go to work we give them the tools and training they need to succeed. It is this balance of quality-of-life and quality-of-work that will maintain sailor morale and help us meet our retention and recruiting needs.

General AMOS. The current military compensation package enables us to achieve recruiting and retention goals. Any adjustments must be made carefully to avoid adverse impacts to recruiting and retention. However, military compensation cannot continue to grow disproportionately as DOD's overall budget shrinks. We believe as we plan our budget, reasonable efficiencies, such as reducing BAH, must be considered to protect modernization, investments, and infrastructure.

General WELSH. We must be careful to not look at various compensation programs in isolation, but rather in totality, balanced across all beneficiaries, and assess the impact on the total force before making decisions. A competitive compensation package is crucial to maintaining our required force profile, and we must also continue to use special and incentive pay programs to recruit and retain critical skills.

TUITION ASSISTANCE

5. Senator HAGAN. General Odierno, Admiral Greenert, General Amos, and General Welsh, please briefly explain to me what your intent for tuition assistance (TA) is in fiscal year 2014.

General ODIERNO. TA continues to be a successful program that enhances Army readiness, recruiting/retention, and leader development. TA provides financial assistance for voluntary off-duty education in support of soldiers' professional and personal self-development goals.

We are in the process of reviewing the TA program for fiscal year 2014 to maximize use of TA for soldiers across all components, while being mindful of a constrained budget.

TA supports my strategic priorities to develop adaptive Army leaders for a complex world, prepare a ready and modern Army, and commit soldiers to our Army profession. Finally, TA supports the United States' premiere All-Volunteer Army. We remain committed to this important program.

Admiral GREENERT. Currently, TA is fully funded in fiscal year 2014, at the same level as fiscal year 2013. This is a Navy priority and we have no plans to change the fiscal year 2014 program execution. However, sequestration in fiscal year 2014 may add some risk to the program funding.

General AMOS. The Marine Corps continues to support the TA program. However, given the uncertainty of both the Continuing Resolution (CR) unknown outcomes of the BCA, and discussions regarding the full year funding levels, the Marine Corps has taken measures to protect near-term readiness, which results in reduced funding for some programs, including TA. Until these issues are resolved, it is premature to determine full funding levels for TA for the remainder of the fiscal year.

The Marine Corps has taken additional actions to ensure that TA is being run to meet the appropriate financial management controls of the Marine Corps and support personal and professional goals of marines. The Marine Corps requires that first time TA applicants have a minimum time in service of 24 months, must complete the Marine Corps Institution orientation class called "Personal Financial Management," and will be approved for only one course unless the first-time students have completed an Associate Degree or 60 academic credits with a minimum 2.5 grade point average.

These requirements on first-time students ensure marines focus on the objectives of their initial MOS training and their primary Marine Corps mission.

General WELSH. The Air Force recognizes the vital role higher education plays in developing the critical thinking skills of airmen at all levels. The Air Force is committed to funding the military TA program in fiscal year 2014; however, budgetary constraints remain a challenge.

FAMILY SERVICES PROGRAMS

6. Senator HAGAN. General Odierno, Admiral Greenert, General Amos, and General Welsh, how will sequestration impact family services like the Exceptional Family Member Program (EFMP) and mental health programs provided by your Services?

General ODIERNO. As a result of sequestration, we continue to review all soldier and family programs to determine where we can reduce services with the lowest possible risk. Resourcing for the EFMP as well as mental/behavioral health programs remain fully funded at this time.

The U.S. Army Medical Command Behavioral Health Service Line includes programs to provide behavioral health services to Army children and families. However, sequestration, furloughs, and the October 2013 government shutdown, in addition to the threat of future furloughs, contributed to a loss of behavioral health providers who specialize in family behavioral health services, specifically in child and adolescent fields. Historically, these providers have been difficult to recruit and retain. These complexities are magnified in the current fiscal environment. The difficulties in retaining and hiring behavioral health providers who mainly work with family members has significantly decreased the Army's ability to provide and adequately sustain behavioral health support to Army spouses and children.

Admiral GREENERT. I am committed to protecting, to the maximum extent possible, these important family support services, such as the EFMP and mental health programs, from sequestration funding reductions in order to minimize possible impacts upon our sailors and families. Navy protected all family programs from sequestration impacts in fiscal year 2013, in accordance with DOD guidance, and intends to sustain this funding priority in fiscal year 2014.

General AMOS. We are not expecting significant impacts to the direct care and services of our marine family programs as a result of sequestration in fiscal year 2014. In anticipation of sequestration cuts, we are planning to absorb these cuts at headquarters level for marine and family programs rather than cuts to programs directly. Sequestration cuts at the headquarters level will impact staffing, training, and other resources used by staff. We are concerned however of sequestration in future years which may result in fiscal cuts to programs directly.

Additionally, if we are forced to furlough our civilian marines in the future, it is likely our family programs will be impacted through loss of direct service hours, resulting in longer wait times, reduction in hours of operations, and modifications to programs.

General WELSH. Sequestration will impact Air Force airman and family readiness programs. In addition to morale concerns caused by budget uncertainties, constrained operating budgets and hiring limitations affect the ability to adequately fill appropriated staff positions. Additionally, sequestration may reduce hours of operation and program opportunities across the broader umbrella of child and youth programs to include child care for working parents, youth sports, instructional classes, school support, recreational opportunities, and outreach support to Guard/Reserve youth.

The effect of sequestration can be challenging for any program; but, the loss of availability of support services for the EFMP creates significant challenges for Air Force families with members with mild, moderate, and severe needs. With over 24,000 Air Force exceptional family member families and a 30 percent increase in enrollment since 2010, family support services are necessary to provide comfort, stability, and reduce anxiety during times of transition.

Mental health services remain a top priority and the Air Force is committed to sustaining them, especially in support of Wounded Warrior programs.

IMPACTS ON SPECIAL OPERATIONS FORCES

7. Senator HAGAN. General Odierno, Admiral Greenert, General Amos, and General Welsh, what has been the impact on the readiness of your Services' Special Operations Forces (SOF) under the recent shutdown and fiscal year 2013 implementation of sequestration?

General ODIERNO. Although initial indications of a downward trend are starting to manifest as a result of the recent shutdown and fiscal year 2013 sequestration, Army Special Operations Forces (ARSOF) readiness across our tactical/combat units remains relatively high due to MFP-11 funding from U.S. Special Operations Command (SOCOM) and Army's prioritization of SOF support through personnel fills and Service Provided Capabilities (SPC).

At the strategic level, U.S. Army Special Operations Command (USASOC) continues to reprioritize ARSOF personnel and assets to support the geographic combatant commanders' and Joint Warfighting Headquarters. In doing this, USASOC reduced targeted SOF capacity to preserve readiness and the capabilities of their deploying units of action. USASOC assumed risk in global areas of operation, outside of the Named Operations and Advanced Skills Training, to meet anticipated strategic and operational demands. The anticipated reduction in the ability of the Services to support future SOF training, exercises, and operational enabler requirements, remains a primary concern.

Admiral GREENERT. Sequestration and the recent government shutdown have had an impact on near-term readiness by reducing training opportunities for non-deployed forces. Navy continues to fully resource readiness for deployed forces. SOCOM is responsible for the overall readiness of SOF and would be able to provide more detailed information on the effects of sequestration on SOF readiness.

General AMOS. Like all SOF, Marine Special Operations Forces (MARSOC) operators train rigorously to prepare for deployment. Their pre-deployment training cycle is carefully orchestrated to make time for all the necessary training events while still giving our marines time to reconnect with their families between deployments. The uncertainty of the sequestration, shutdown, and the sometimes conflicting implementation guidance makes it extremely difficult to coordinate all of these events and is demoralizing for our marines and their families.

The sequester and CR cuts in fiscal year 2013 significantly impacted MARSOC's training schedule. Courses were cut or consolidated, contracted instructors were eliminated, and mission rehearsal exercises were scaled back. Courses cancelled in October and November due to the shutdown and subsequent travel restrictions will take months to reschedule. Without this training, MARSOC operators had significantly fewer opportunities to train in varied environments and integrate battlefield

capabilities into their tactics, techniques, and procedures. Deploying MARSOC teams have less redundancy in individual operator skills, causing greater risk to mission, and reducing their expeditionary advantages.

General WELSH. The recent government shutdown and fiscal year 2013 implementation of sequestration impacted the readiness of Air Force Special Operations Forces in a variety of functional areas. Major exercises were cancelled due to current fiscal uncertainty, resulting in a loss of interoperability training and proficiency of our Special Operators with their coalition, joint, and general purpose partners. Air Force Special Operations Forces are highly dependent upon Air Force-provided capabilities as well as those from our sister Services. In the operations support arena, we were forced to incrementally fund major service contracts, resulting in the deferment of several million dollars' worth of sustainment requirements including the repair of deteriorated airfields, roadways, and fire suppression systems. Important but non-mission critical expenditures were also delayed or cancelled, such as morale, welfare, and recreation facilities, further challenging force preservation for our already highly-stressed special operators and their families. Finally, the long-term consequences of the government shutdown and sequestration, considered by many of our military and civilian personnel to be a break in faith, are yet to be determined.

8. Senator HAGAN. General Odierno, Admiral Greenert, General Amos, and General Welsh, what, in your views, are the likely impacts of continued sequestration in fiscal year 2014 and beyond on the readiness of SOF?

General ODIERNO. ARSOF readiness remains relatively high at the beginning of fiscal year 2014. At sequestration spending levels, USASOC predicts readiness will degrade, while undergoing force structure adjustments, before things improve around fiscal year 2017. The need for persistent force capacity in U.S. Central Command (CENTCOM) eclipsed ARSOF's ability to fully source theater-setting activities in support of other theater campaign plans. Currently, three-fourths of deployed forces are directly tied to the fight in Afghanistan and other named operations. ARSOF requirements increased 56 percent since 2008; despite Operation Iraqi Freedom/Operation New Dawn ending, ARSOF remains unable to meet all geographic combatant commander and Theater SOCOM requirements. The increase in Global Force Management Allocation Plan (GFMAP) requirements consumes nearly all of ARSOF's readiness. Moreover, in order to meet urgent and/or critical operational demands, USASOC assumed risk in its regional alignment structure, which hinders development with partner nations and potential allies.

USASOC receives the majority of its baseline and O&M funding from SOCOM. At this time, USASOC cannot report the final impacts and corresponding second and third order effects associated with continued sequestration in fiscal year 2014 and beyond until decisions are made and guidance is published concerning Army Program Objective Memorandum (POM). Nonetheless, USASOC will reduce targeted SOF capacity in order to preserve and regenerate a more globally-oriented force.

Assuming a President's budget for 2014 level of funding across the Future Years Defense Program (FYDP) and the additive effects of the Services' own reductions, USASOC will reduce combat formations across the ARSOF enterprise in an effort to absorb O&M/baseline reductions and assume risk in the following areas: Organic Mobility/Strike Capacity, Critical Combat Support/Combat Service Support (CS/CSS) Capacity, Engagement and Crisis Response Capacity, Joint Combined Exercises for Training, Force Modernization, and Language Training and Recruiting. USASOC will redistribute forces to protect critical capabilities, such as Intelligence, Surveillance, and Reconnaissance (ISR) and regionally-aligned ground forces, which are critical to fulfilling the tenets of the Global SOF Campaign Plan. The Services' reduced ability to provide forces for ARSOF pre-deployment training and operational deployments remains a primary concern. Bottom line, USASOC remains committed to retaining capability by reducing capacity and continues to closely monitor and mitigate readiness impacts at the tactical and operational levels.

Admiral GREENERT. Similar to other naval forces, sequestration will result in reduced training and readiness for nondeployed SOF, reducing surge capacity. Navy will continue to maintain the readiness of deployed forces. SOCOM is responsible for the overall readiness of SOF and would be able to provide more detailed information on the effects of sequestration of SOF readiness.

General AMOS. SOCOM predicts that the future demand for SOF will increase, that SOF will be more specialized with more advanced training to meet regional challenges, and that SOF will still be ready to support major combat operations. As the Global SOF Network expands, so will the demand on some of the service provided enabling capabilities. Reduced Marine Corps end strength will limit my ability

to fully support MARSOC requirements for combat support and combat service support personnel. This shortfall will either be answered through additional contractor support which will require additional funding, or it will result in a degradation of materiel and operational readiness (or both).

Similar to the larger Marine Corps, I expect that SOCOM will have to sacrifice future capabilities in order to preserve readiness. Maintenance and recapitalization of equipment, both SOF and service provided, will be deferred, despite years of extensive use in operations and training. This is a difficult choice that may lead SOCOM to lose the comparative advantage if sequestration persists.

I expect morale within the SOF community, like the rest of the Marine Corps, will also be impacted. Career progression, deployment cycles, family support services, and the like will be affected creating more stress on the force. We take our responsibility to our young men and women and their families very seriously, but there is little doubt that all of these issues will impact readiness of the SOF community if the sequester continues.

General WELSH. Continued sequestration will cause Air Force SOF to consider further force-shaping initiatives and further complicate the balance between near-term readiness and long-term capability. The impacts would not only be felt by the joint SOF community, but throughout every geographic command. Air Force SOF are highly dependent upon Air Force-provided capabilities as well as those from our sister Services. Examples of difficult decisions include reduced Air Force flying hours supporting SOF, incremental funding of service contracts, and reduced base operating services and operations support. Continued sequestration will negatively affect the ongoing recapitalization of our legacy MC-130 and AC-130 fleets, desynchronize global ISR supply and demand, and ill-posture our force for future contested environments and near-peer challenges.

9. Senator HAGAN. General Odierno, Admiral Greenert, General Amos, and General Welsh, how has sequestration impacted the ability of your Services to provide critical enabling capabilities to SOF? What if sequestration continues in fiscal year 2014 and beyond?

General ODIERNO. Army sourcing of SOCOM Service Provided Capabilities (SPC) requests to support CAMPLAN 7500 in fiscal year 2014 is 59 percent of the requested total with a forecasted sourcing of 58 percent of total SPC requested in fiscal year 2015. However, it remains to be seen at what readiness level these SPCs will be maintained given the current and projected reductions in Army manning and funding. Army's current intent is for contingency forces to train to T1 (highest level of readiness) and sustain T2 (next level down) during the available year.

USASOC does not have organic echelon above brigade (EAB) maintenance capabilities. Army's Installation Logistic Readiness Centers (LRC), formerly Directorate of Logistics (DOL), provide USASOC with core maintenance capabilities and support, such as: painting, fabrication, corrosion repair, load testing, and maintenance. Providing logistics support to ARSOF will always be a top Army priority. Although sequestration reductions have negatively impacted Army readiness, the Army has a plan to move funds between accounts to ensure continuous support to these high priority Special Operations Forces.

Admiral GREENERT. To date, sequestration has not directly impacted support to deployed SOF. However, if fiscally constrained to sequestration level funding over the long term, one potential scenario would result in insufficient capacity to conduct widely distributed Counter-Terrorism/Irregular Warfare missions, as defined in the Defense Strategic Guidance (DSG). There would be inadequate force structure available to allocate to this mission, in the amount defined by the Force Structure Assessment and concurred upon by SOCOM.

General AMOS. Reduction of Marine Corps end strength significantly degrades my ability to directly support MARSOC, as well as the larger SOCOM enterprise. Under a full sequester and a 175,000 strong Marine Corps, I will be unable to meet MARSOC's full requirement of 3,112 Active Duty marines. Per the Defense Secretary's guidance to all Service Chiefs, MARSOC will be frozen at fiscal year 2013 end strength and thus capped at 2,742 marines—a reduction of nearly 12 percent. While MARSOC will still be able to conduct its most critical tasks, this unrealized growth eliminates certain key combat service support and enabler personnel. MARSOC will rely on service provided augmentation, adding additional stress to an already fully tasked Marine Corps. In the likely event that the Marine Corps is unable to meet the MARSOC request for enablers, they will be forced to use contracted personnel for logistics, maintenance, and training. More contractors will require additional non-programmed funding and is contrary to the guidance to reduce reliance on contracted personnel.

Sequestration cuts will also increase demand on Marine air-ground task force assets that may not be available to support SOF when needed, or will reduce our ability to support other global priorities. Other service cuts to critical capabilities which support SOF, particularly maritime unmanned aerial assets and rotary wing mobility, will drive SOF to request additional support from the Marine Corps in the littoral zones. This again will compete with the Marine Corps' ability to meet other operational demands.

General WELSH. Air Force Special Operations Forces (SOF) are highly dependent upon Air Force-provided capabilities as well as those from our sister Services. If sequestration continues in fiscal year 2014, the further degradation of supporting conventional forces due to diminished resources will increase operational risk and curtail both the range of missions and level of operations tempo that Air Force SOF can execute in support of SOCOM's Global SOF Campaign Plan and other combatant command demands. Examples include decreased or lost training and operational capacity in critical command and control, ISR, close air support, global mobility, and training range assets, all negatively impacting our special operators' ability to train for and execute missions worldwide.

10. Senator HAGAN. General Odierno, Admiral Greenert, General Amos, and General Welsh, current plans call for increasing SOF from 66,000 across DOD to 72,000 by 2017. Is this plan sustainable under full sequestration?

General ODIERNO. Increasing SOF manpower to 72,000 without the adequate resourcing, impacts readiness and SOF's ability to deploy properly trained and equipped troops forward. SOF continually assesses its force to ensure an optimal mix of Active, Reserve, Guard, and civilians required to meet current operational deployments and unforeseen emerging threats. Operating under a full sequestration condition would significantly hamper SOF's ability to provide a flexible force capable of adapting to rapidly changing situations and unexpected contingencies.

Admiral GREENERT. Without a substantive change to defense strategy that significantly reduces the demands placed on regular Navy forces, this plan is not sustainable if we are held to the BCA revised discretionary caps in the long term. Trades between manpower, training, and costs to equip SOF will be balanced to maintain the readiness of regular Navy forces.

General AMOS. No. Under a full sequester and a 175,000 strong Marine Corps, I will be unable to meet MARSOC's full requirement of 3,112 Active Duty marines. Per the Defense Secretary's guidance to all Service Chiefs, MARSOC will be frozen at fiscal year 2013 end strength and thus capped at 2,742 marines—a reduction of nearly 12 percent. While MARSOC will still be able to conduct its most critical tasks, this unrealized growth eliminates certain key combat service support and enabler personnel. MARSOC will rely on service provided augmentation, adding additional stress to an already fully tasked Marine Corps. In the likely event that the Marine Corps is unable to meet the MARSOC request for enablers, they will be forced to use contracted personnel for logistics, maintenance, and training. More contractors will require additional non-programmed funding and is contrary to the guidance to reduce reliance on contracted personnel. If the Marine Corps is forced to downsize below 175,000 marines, additional cuts to MARSOC may be required that will reduce operational capabilities and availability and directly degrade our ability to attain the Nation's military strategic objectives.

General WELSH. SOF growth is not sustainable while under sequestration as it would require the Air Force to offset this growth with reductions in non-SOF mission capabilities. Given our tentative plans to reduce 500+ aircraft and 25,000 personnel, the Air Force would face great difficulty in absorbing additional SOF growth without relief from sequestration.

11. Senator HAGAN. General Odierno, Admiral Greenert, General Amos, and General Welsh, what service equipment sustainment or modernization cancellations, delays, or restructuring will also affect your SOF troops and units?

General ODIERNO. The majority of all USASOC equipment comes from the Army as Service-provided equipment. This includes everything from soldier equipment, such as boots, uniforms, body armor, weapons and optics, to organizational equipment, such as vehicles, generators, unmanned aerial systems, and other aviation platforms. To date, ARSOF has not experienced any significant effects of Army sequestration-related cuts on either new equipment fielding or on equipment reset. However, if funding reductions brought on as a result of sequestration, it is likely that ARSOF will be impacted in the future. It would require the Army to reduce our modernization accounts by nearly 25 percent with no program unaffected, including ARSOF. Gauging the precise impacts these cuts might have is difficult at this time, as final decisions on what to cut or restructure have not been made.

Admiral GREENERT. If fiscally constrained to the revised discretionary caps over the long-term, one potential scenario would result in the cancellation of one Afloat Forward Staging Base (AFSB) procurement, which would have a longer-term impact on the ability to support SOF requirements in CENTCOM and U.S. Pacific Command (PACOM) currently being mitigated with the Interim AFSB and use of leased vessels in PACOM. In addition, reduced force structure would result in insufficient capacity to fully support the Counter Terrorism and Irregular Warfare missions of the DSG, as defined in the Force Structure Assessment and concurred upon by SOCOM.

General AMOS. With the budget-driven reduction of the Marine Corps to 175,000, MARSOC will be capped at 2,742 Active Duty marines and will not realize planned growth. This has forced MARSOC to reorganize its personnel to continue to provide the same amount of operational capability with reduced end strength. Along with a reorganization of personnel, MARSOC has also done a thorough review of equipment to make sure they have the optimal mix to support operations and training. Approximately 80 percent of MARSOC equipment is provided by the Marine Corps, and I feel confident that MARSOC will continue to be supported to the same standards as the rest of the Marine Corps Forces. None of the cuts to major Marine Corps programs will have substantial impacts to MARSOC.

I do have concerns that other service cuts will shift the burden of SOF support to the Marine Corps. I am particularly concerned about cuts to maritime unmanned aerial assets, rotary wing support, and maritime platforms that will support SOF afloat. While it is too soon to know precisely the impacts of these cuts, we can assume that the capacity available will be insufficient to support both SOF and Marine Corps needs, particularly in maritime and littoral environments. Reductions of these types of high demand, low density capabilities will likely force some difficult prioritizations and impact readiness and operations.

General WELSH. The Air Force's fiscal year 2015 budget is still working through the DOD's program and budget review process and is pre-decisional at this time. Given the magnitude of budget reductions the Air Force faced to meet BCA guidelines, all avenues to maximize savings while minimizing mission impact were considered during the development of our fiscal year 2015 budget. The Air Force made tough decisions to meet today's challenges while protecting our ability to modernize for tomorrow's fight. Recapitalization of aging aircraft fleets, as well as critical modifications and upgrades to current fleets, were some of the reductions we were forced to make across all commands as a result of sequestration.

12. Senator HAGAN. General Odierno, Admiral Greenert, General Amos, and General Welsh, how do you plan to manage these challenges and mitigate their impact on the important role SOF plays in operations around the world?

General ODIERNO. In fiscal year 2013, the Army coordinated with USASOC to ensure equipment reset activities remained uninterrupted in spite of sequestration related funding reductions. However, if sequestration remains in effect, we may be forced to transition to a tiered readiness system to ensure deployed units and those preparing to deploy receive priority for personnel, training, equipment, and maintenance resources. Hence, USASOC's primary effort remains the optimization of limited resources to train and conduct combat operations in the future operating environment. This effort hinges on the collaborative efforts of SOF-Conventional Force Interdependence.

Given the continuous deployment cycles across ARSOF to support the GFMAT and CAMPLAN 7500 requirements, we expect USASOC to remain high on our prioritization list, which reduces the immediate impacts associated with tiered readiness across ARSOF. However, as the Army continues to refine equipping and sustaining priorities to support significant budget and personnel reductions, the Army and USASOC will continue to coordinate to ensure ARSOF requirements remain visible within the context of ARFORGEN's (Army Force Generation model) resourcing priorities. In addition, USASOC will continue to monitor and track base operations support and Service Provided Capabilities. Both base operations support and Service Provided Capabilities could impact ARSOF's readiness to deploy in crisis response, in support of persistent engagements, and other named operations around the globe.

Admiral GREENERT. To overcome the challenges and mitigate the impacts of sequestration, we are looking at alternative platforms to support SOF, such as LCS and MLP (AFSB). We are also enhancing our interoperability by integrating SOF into the Amphibious Readiness Group/Marine Expeditionary Unit (ARG/MEU) to improve our ability to support Theater SOCOM and forward deployed SOF forces.

General AMOS. The Marine Corps and SOCOM share a similar commitment to providing agile, expeditionary, and above all, responsive forces to meet our Nation's

global demands. The Marine Corps provides a complimentary capability that can be leveraged to support the Global SOF Network. The SOF Liaison Element is the initial mechanism to enhance this relationship: a team of six SOF operators, representing each of the SOF components, will embark with the Marine Expeditionary Units to increase collaboration between the TSOCs and Marine forces afloat. Admiral McRaven and I believe that through this relatively small investment, we can expand the ways in which the Marine Corps can support SOF operations in the maritime and littoral environments. Even faced with our current fiscal challenges, enhanced interoperability and integration between the Marine Corps and SOCOM remains one of my top priorities.

Although MARSOC will be capped at 2,742 marines due to sequester-driven reductions, they are looking toward the post-Afghanistan environment by regionally aligning each of the Marine Special Operations Battalions (MSOB). Forward postured, fully enabled Marine Special Operations Companies (MSOC) will now support the Global SOF Network in SOCPAC, SOCAFRICA, and SOCCENT. Targeted language programs, enhanced logistical networks, and specialized training will enable MARSOC forces to build and maintain enduring relationships with our critical partners. Seasoned, mature MARSOC marines will bring their knowledge and experience of working in expeditionary and often austere environments to the benefit of both SOCOM and the Marine Corps.

General WELSH. The Air Force is striving to mitigate the impact on SOF by prioritizing near-term readiness and weapons system recapitalization, paired with a focus on full-spectrum training and long-term investments. Near-term readiness will ensure our unique enabling capabilities are sustained for our SOF supporting the combatant commands. Full-spectrum training will be supported through the continuation of special operations-focused exercises and an increasing emphasis on live-virtual-constructive training. Special operations long-term investments favor recapitalization over modernization, primarily through the full recapitalization of the MC-130 and AC-130 fleets.

QUESTIONS SUBMITTED BY SENATOR JOE MANCHIN III

ACTIVE COMPONENT AND RESERVE COMPONENT FORCE MIX

13. Senator MANCHIN. General Odierno and General Welsh, for 6 years as Governor, I sent troops to war at our Nation's request and responded to numerous natural disasters. Each time the citizen soldiers performed flawlessly and never failed to respond to or accomplish a mission. Knowing that the Reserve component is dual-missioned, costs less, and has a proven track record, why are we not considering realignment that adjusts the Active component/Reserve component mix to maintain capability at a reduced cost?

General ODIERNO. The BCA imposes significant reductions on the size of the Army and creates substantial challenges in meeting the Defense Strategy. We may be forced to reduce the total Army an additional 100,000 soldiers if sequestration continues. The Army is conducting deliberate analyses now to determine which capabilities should be reduced or adjusted to meet strategic requirements. The Army will deliberately and thoroughly review all options that impact Active component/Reserve component mix as it downsizes and reorganizes to meet the Nation's needs in an era of reduced resources.

The Army National Guard and Army Reserve play significant roles as part of our Total Force. It is imperative not to lose the gains made in Reserve component readiness, equipment modernization, and experience by continuing to employ Reserve component forces to meet combatant commander operational requirements in a fashion that is predictable and sustainable, within the resources afforded to us. Prudent use of those resources allows the Army to minimize challenges to interoperability between the Reserve and Active component during future crises, while providing valuable leadership development and experience to members of the Reserve component.

However, we also must be realistic. Reserve component soldiers cost less when not on active duty. When activated for mobilization or operational support, Reserve component units cost the same as their Active component counterparts. Additionally, they can require more extensive training periods to meet readiness standards based on the mission, which costs both dollars and time.

The Army National Guard dual-mission requirement must also be considered. We should not commit large numbers of title 32 priority forces from a state or region, especially during specific times of the year, unless the mission is one with significant national defense urgency. In the past, we have been able to synchronize deploy-

ments across the Active component and Reserve component to avoid impacts to state missions. Finally, given the drawdown in Afghanistan, Reserve component forces will have fewer opportunities for employment, which will challenge us all to maintain their current state of training and readiness over time.

General WELSH. The Air Force's fiscal year 2015 budget is working through the DOD's program and budget review process and is predecisional at this time. Given the magnitude of budget reductions the Air Force faced to meet BCA guidelines, all avenues to maximize savings while minimizing mission impact were considered during the development of our fiscal year 2015 budget, to include the cost-saving realignments that you suggest. Finding the appropriate balance, which varies by mission, requires extensive analysis to ensure we maintain operational capability and responsiveness. We are currently evaluating all mission areas to see where we can maintain critical Air Force-provided capabilities at a reduced cost—and in some cases at reduced capacities—by realigning missions into the Reserve component. In addition to cost considerations, however, sustainable total military force mission contributions by each component are analytically evaluated with respect to four other major factors: (1) total strategy-based warfighting and training demands; (2) required manpower; (3) projected equipment inventory; and (4) deployment policy.

14. Senator MANCHIN. General Odierno, Time magazine recently ran an article titled, "The War Within the U.S. Army." In the article, Lawrence Korb, the Pentagon personnel chief during the Reagan administration, said the following: "We should be moving toward a small, more agile Active-Duty Army and save the bigger mission for the Reserves." What are your thoughts on this?

General ODIERNO. An undersized Army would lack the capacity to meet the land force requirements of combatant commanders. Continuing 2011 BCA funding levels will adversely affect the Army's ability to rapidly provide fully trained and equipped units to combatant commanders over the next several years. The Army must maintain an optimal mix of Active and Reserve component forces in order to achieve the correct force size at the lowest cost. I do not envision significant migration of force structure between the Active and Reserve components. Active-Duty Forces provide a rotational, worldwide presence to ensure stability and deter conflicts, and to rapidly surge capabilities to respond to unexpected contingencies. Reserve component forces are best suited for predictable, infrequent deployments and for providing operational and strategic depth. Due to sequestration impacts to the Army's budget, the Army may be forced to implement drastic reductions to end strength, unit inventory, and overall readiness, with detrimental impacts to the Army's capacity and capability to respond across the range of military operations.

MILITARY CHILD ABUSE AND NEGLECT

15. Senator MANCHIN. General Odierno, Admiral Greenert, General Amos, and General Welsh, Senator McCain and I recently sent a letter to Secretary Hagel about child abuse and neglect in the military, which is a growing problem. I received a response, but it is just the start of a solution. Even with declining budgets, we need to do right by our kids. What are your thoughts on forming a section within the Defense Centers of Excellence (DCoE) for Psychological Health and Traumatic Brain Injury (PH/TBI) with the issues of child abuse and neglect?

General ODIERNO. A Center of Excellence for child abuse and neglect already exists within the Army's Family Advocacy Program (FAP). Along with the FAP managers, the resources provided by the congressional set-aside for FAP have been judiciously used to provide adequate staff, policy, training, and research into the issues of child abuse and domestic violence. The Army, along with our Sister Services, leads the Nation in developing risk assessment tools to prevent domestic abuse and for the standardizing the definitions for family maltreatment.

Admiral GREENERT. The FAP initiates an effective coordinated community response with medical and civilian resources in addressing incidents of child abuse and neglect. Children requiring medical treatment resulting from psychological and/or traumatic brain injury are immediately referred to the appropriate Military Treatment Facility (MTF) or civilian hospital for assessment and treatment services. Family member children and adolescent victims of abuse or neglect have access to the full range of assessment and treatment services for psychological problems and traumatic brain injuries regardless of their geographic location. Navy MTFs, in conjunction with their network partners, provide subspecialty PH/TBI services spanning the entire continuum of care, to include outpatient, intensive outpatient, inpatient, and rehabilitation services specific to pediatrics. While the mission of DCoE

for PH/TBI is to provide expertise on DOD policies related to PH/TBI care, it is the role of the Services' medical departments to actually deliver this care.

General AMOS. Child abuse and neglect within the military is an issue that requires a uniformed system of prevention, education, research, and service delivery across various programs and at every level. Unfortunately, risk factors that make child abuse more likely are often present in military families. These factors may include increased numbers of young families without social or family support; frequent deployment or absences from the home by the military member; financial stressors; relationship conflict; and other stressors related to deployment. Combating child abuse within the military population requires a concentrated, specialized response.

The Marine Corps continues to work at combating child abuse through our various programs including the FAP. FAP is responsible for the prevention, intervention, and treatment of family violence. We continue to see a decrease in number of child care incidents that meet criteria with our programs. The Marine Corps is always supportive of additional research support whether it is with other Federal agencies or private/public partnerships. The Marine Corps has an existing working relationship with the DCoE for PH/TBI that has been helpful in our research approach at preventing, intervening and treating family violence.

General WELSH. While we are pleased with the intent to ensure the issue of child abuse and neglect is addressed even in lean budgetary times, the Air Force believes that broadening the scope of the DCoE for PH/TBI is not the answer. The issue is really not related to the need for more dollars spent on centralized policy and strategy, as would be the case in using DCoE. A better use of scarce resources would be to expand funding for prevention services within the Air Force's successful New Parent Support Program (NPSP), which would allow for more robust prevention efforts for high risk families. Expansion of NPSP would result in increased outreach and screening of the target population as well as increased engagement in services. Providing services early in the family life-cycle may prevent maltreatment for the most vulnerable children (birth to 3-years-old), as well as setting the foundation for positive parenting practices in the future.

16. Senator MANCHIN. General Odierno, Admiral Greenert, General Amos, and General Welsh, could you comment on child abuse in the military, and commit to working on that issue with me?

General ODIERNO. Reduction and elimination of child abuse remains a top Army priority. We look forward to working with you and other Members of Congress to continue addressing all domestic violence issues within the ranks of the Army.

The Army's FAP is dedicated to the prevention, education, intervention, reporting, investigation, and treatment of spouse and child abuse. The program provides a variety of counseling, relationship building, and other services to soldiers and families. Each installation FAP manager is responsible for directing the activities of the program.

Preventing domestic violence is a command priority and leader responsibility. All commanders receive FAP training. The Army also provides soldiers annual FAP awareness training. A basic course is conducted for newly assigned personnel, and a series of advanced courses are available for clinical health care providers. In addition, two specialized courses for military police and criminal investigators intervening in Family violence are taught at the U.S. Army Military Police School.

Admiral GREENERT. I remain committed to working with you on the prevention of military child abuse. Our data indicates a decrease in substantiated child abuse incidents between fiscal years 2004 and 2006, and the number of incidents remained at steady state through fiscal year 2012.

An increase in substantiated cases this past year is a cause for concern; we are monitoring this closely. Our New Parent Support Home Visitor Program provides face-to-face contacts to new parents through information and referrals, individualized consultation, and educational services. Nearly 99 percent of parents who participated in the program did not have an incident of abusive parenting within 12 months of receiving services.

General AMOS. Multiple efforts are being made to combat the occurrence of child abuse in the Marine Corps, through preventative efforts, awareness campaigns, parent education, and treatment. The Marine Corps continues to work at combating child abuse through our various programs including the FAP. Marine Corps FAP's role in prevention is to establish clear standards for personal behavior, provide early detection of potential problems, and intervene before abuse occurs. FAP is responsible for the prevention, education, intervention, and treatment of family violence; reviews of alleged abuse; clinical treatment for families involved in violence; home visits for new parent support efforts; counseling; and 24-hours, 7-days-a-week, victim advocacy. The FAP investigates allegations of child abuse, and makes rec-

ommendations for treatment and services for affected children and families. Services include clinical treatment, New Parent Support Program services, and various other military, and community family services.

Marine Corps Community Services (MCCS), FAP staff, military police, legal offices, chaplains, and our civilian counterparts have joined forces to reduce child abuse on our bases, stations, and the surrounding areas. FAP equips its staff with the right tools for success, providing ongoing training and support for adopting new practices.

General WELSH. In the past 3 fiscal years, child abuse has increased only slightly in the Air Force. This parallels similar rate increases seen across DOD. The increase in rates has been identified as primarily driven by child neglect incidents. The rates for emotional, physical, and sexual abuse incidents have remained very stable during this time period.

Yes, the Air Force is committed to continuing to address the issue of child abuse, and we appreciate Congress' support. The Air Force FAP has a number of prevention and treatment programs aimed at reducing child abuse and neglect. FAP also has a robust research component and partners with highly regarded family violence researchers to continue development of effective prevention and treatment programs, as well as monitoring clinical and program outcomes.

MILITARY HEADQUARTERS STAFF CUTS

17. Senator MANCHIN. General Odierno, Admiral Greenert, General Amos, and General Welsh, I applauded Secretary Hagel when he ordered a 20 percent cut to the staff of military headquarters. However, my concern is that no one really knows—with any precision—how many contractors there are. Therefore, the required cuts might tend to focus on uniformed personnel and government civilians, but not contractors. Contractors are the first place we should target for cuts. How are you implementing the staff reductions to ensure that contractors are part of the original baseline and also included in the cuts?

General ODIERNO. The Army's first priority is to reduce service contracts as much as feasible. We are committed to analyzing all labor sources for potential reductions and to preventing the burden of budget cuts from falling disproportionately onto our civilian or military personnel. This is why the Secretary and I have directed that funding for contracted capabilities at all commands will be reduced at levels equal to or greater than those for military and civilian reductions.

The Army tracks Full-Time Equivalents (FTE) not the number of individual contractor employees, as service contracts involve the performance of a function, rather than the hiring of an individual person. The Army has approximately 28,700 contractor FTEs supporting Army Management Headquarters Activities at the two-star level or higher. These numbers were submitted to Congress in July 2013 as part of the fiscal year 2012 Inventory of Contract Services, and reflect the items in the Contractor Manpower Reporting Application (CMRA) database that support requiring activities with an Army management headquarters Unit Identification Code at the two-star level and higher.

As part of this effort, the Army intends to use the CMRA data to measure our headquarters reductions and ensure a balanced approach. CMRA data is increasingly being leveraged to build budgets and manage the Total Force, in fulfillment of both statutory requirements and commitments made to Congress in reports and testimony.

Admiral GREENERT. The 1 July Office of the Secretary of Defense (OSD) fiscal guidance directed the Services to reduce spending on headquarters 20 percent by fiscal year 2019, relative to the amount currently planned for fiscal year 2018. Although the 20 percent cut applies to budget dollars, the Secretary of Defense stated his intent that we should also strive for a goal of 20 percent reductions in government civilians and military personnel.

In executing this direction, the Navy plans to balance the cuts appropriately among contractor, military, and civilian employees within individual Navy headquarters organizations. However, not all headquarters will be reduced by the same percentage. To support the Navy's strategy of rebalancing to the Pacific and continuing to execute ongoing Overseas Contingency Operations (OCO), the Navy applied a lesser level of reduction to fleet operational headquarters' staffs and shifted more burden to non-deployed/non-operational staffs. With fleet operational staffs having the preponderance of military manpower among headquarters organizations, the military received an overall smaller reduction percentage than civilian personnel and the contractor workforce. The Navy intends to cut the contractor workforce by at least the same percentage as the civilian workforce.

General AMOS. The Marine Corps plans to achieve the 20 percent reduction to headquarters by reducing marines in specified headquarters as well as eliminating or combining specific headquarters. In addition, we plan to reduce funding on associated civilian billets at specific headquarters activities, as well as service contract spending at headquarters activities which will ultimately result in fewer contractors working in our headquarters. Many military billets will be transferred to operational units while civilian billets and contractors functions/activities will be eliminated. We further anticipate the total cost of contracts that support our headquarters will be reduced.

General WELSH. When we assessed the military headquarters workforce, the Air Force explicitly included contractors as part of the labor and cost baseline. As we conduct our redesign and workforce adjustments, we continue to look at reducing contractors as well as the military and government civilian force. The Air Force recognizes the need to employ government personnel in certain positions and will continue to meet that need.

ELIMINATING REDUNDANT OR INEFFECTIVE WEAPONS SYSTEMS

18. Senator MANCHIN. General Odierno and General Welsh, I have been a big supporter of the Bowles-Simpson approach to getting our finances in order. It is the only truly bipartisan approach out there. The Bowles-Simpson plan outlined some cost-savings measures for defense that have not been acted upon. For example, the Bowles-Simpson plan recommended that Congress consider developing a commission for trimming redundant or ineffective weapons from the DOD inventory. This process could help give added flexibility to the Services and let them better prioritize weapons systems. What is your opinion on this?

General ODIERNO. We do not believe that such a commission is necessary. The assessment of whether a system is redundant or ineffective currently occurs as part of a process through which the military Services, the Joint Staff, and the OSD review requirements, programs, and budgets. The Joint Requirements Oversight Council (JROC) process assesses whether a program is redundant to those of other Services and, along with the acquisition review of programs, determines if weapons provide the needed capability or if the requirement can be met by other systems. While the system is not perfect, it provides the Services flexibility to pursue separate solutions when a common solution may be too costly or too complex.

The Army, like the other Services, also reviews its weapon systems internally to identify equipment within the Service that is no longer needed, does not meet existing requirements, or is redundant.

General WELSH. Generally speaking, the Air Force supports initiatives aimed at cutting redundant and less capable weapon systems, especially in this fiscally constrained environment. In some cases, redundancy is an operational requirement, but we cannot afford to fund ineffective weapon systems. During the development of our fiscal year 2015 budget, under the requirements and fiscal guidance of the BCA, we were compelled to cut capacity and lower priority platforms, and programs that are disproportionately expensive relative to the capabilities they provide.

19. Senator MANCHIN. General Odierno and General Welsh, please provide a list of equipment and/or programs that you recommend terminating so that funds can be transferred to higher-priority needs.

General ODIERNO. The Army cannot recommend any individual programs for termination at this time. All current weapon systems and modernization programs serve to fill warfighter-identified and JROC approved capability gaps.

General WELSH. The Air Force's budget recommendations for fiscal year 2015 are currently being deliberated in the DOD's Program and Budget Review and are pre-decisional at this time. However, in order to reduce the size of the Air Force to comply with the magnitude of the spending caps established by the BCA and the fiscal guidance we received to formulate our budget—while still maintaining a relevant force to meet current and future challenges—we employed a guiding principle of taking vertical cuts from our programs. That is, as opposed to weakening many programs with fair share cuts, we opted to terminate complete programs, to include all of the associated support elements of the terminated program(s). This includes force structure in areas such as single purpose aircraft, lower-end ISR assets, and programs that are disproportionately expensive relative to the capabilities they provide.

ALL-VOLUNTEER FORCE

20. Senator MANCHIN. General Odierno and General Amos, the last drafted soldier retired in 2011. It is hard to believe that the modern All-Volunteer Force (AVF) is only approximately 30-years-old. I grew up in an era where the draft was a fact of life. I'm concerned that the AVF has isolated those that serve from the rest of the country. There are large financial costs associated with maintaining an AVF. I read that the Army spends about \$20,000 per recruit in advertising costs alone. In your judgment, should we be rethinking at least some aspects and unintended consequences of the AVF?

General ODIERNO. The Army continues to support the AVF as the right path to man the Force. The AVF has successfully manned the Army for over 40 years, including most recently 12 years of war. The Army, fully manned by volunteers, has accomplished all the missions the Nation has called upon it to perform. This AVF is of a much higher quality and professionalism than what was ever seen during conscription.

The regular Army cost per accession for fiscal year 2012 was \$22,386 including recruiting, recruiter support, bonuses, and advertising. In past studies, analysts concluded that the AVF would be cheaper than a conscripted force, given a constant level of force effectiveness. In a 1988 study by the GAO, a volunteer force was determined to be less expensive than a draft by more than \$2.5 billion (over \$4 billion today), when taking into account reaching equivalent force effectiveness over 24 months.

That being said, recruiting is expected to be more challenging in fiscal year 2014 in part due to the declining eligible recruiting pool. The Army and the Nation still face challenges such as rising obesity rates and decreasing high school graduation rates as we recruit the AVF.

In the recent past a favorable economic environment allowed us to reduce enlistment incentive amounts and the number of Army occupations offered bonuses or education incentives. However, we must retain the flexibility to continue necessary advertising and to apply incentives as necessary to recruit and retain soldiers with critical or specialized skills. The continued authorities and funding of these programs by Congress remain critical to the sustainment of the Army.

Last, we should always be concerned about any isolation of our soldiers from the rest of society, as well as a society that is disconnected from its soldiers. In this respect, it is imperative that the Army be reflective of all 50 States and across all demographic groups—an Army that represents all of America. We are also mindful that it is important to tell the Army story to the American people, using all appropriate venues available to us. In addition, we know that training and education are critical to a professional force, but that broadening experiences away from the Army such as training with industry, fellowships, and civilian education may be equally important. In the end, I share your interest in ensuring the Army stay “connected” to those whom we serve.

General AMOS. I could not be more proud of today's AVF, and it has done superbly for the past 4 decades. The draft has a place, but should be reserved for use only when it has been determined that the AVF is inadequate to meet the Nation's needs during a national emergency. That is where the draft is more cost-effective.

On the surface it may appear reinstituting some form of the draft is an attractive savings over the AVF. However, it is important to view what has been achieved by investing in the AVF. For example, within the Marine Corps the quality, experience, and professionalism of your marines are at the highest levels I've seen in my 43 years. These young ethical warriors are the most well-trained and ready to meet the demands of a complex strategic environment. More importantly, we are a force that is made up of men and women who have made the conscious decision to volunteer to serve their country. That is a significant difference from a force that is built through the draft.

It may be true that more citizens are unfamiliar with military service due to the lack of a draft. To counter that reality, it is essential that awareness and outreach efforts are consistently resourced at levels that will maintain connections with the citizens we serve.

SYRIA

21. Senator MANCHIN. Admiral Greenert, during the recent crisis in Syria, we positioned additional destroyers and aircraft carriers in the Mediterranean to be able to quickly react as the crisis evolved. I was not supportive of using military force in Syria, but I am interested in understanding the financial impact of this crisis

during a time of sequestration. Do you have a general sense of how much it cost to deploy these assets to the region?

Admiral GREENERT. Navy assets in the operating area that were scheduled to return to homeport were instead extended in the region to support this mission. Total fiscal year 2013 costs were \$42 million. To fund the forward deployed assets in fiscal year 2013, Navy canceled the port visits that these assets were scheduled to complete before returning to homeport.

Fiscal year 2014 costs to support the mission total \$45 million through the end of October 2013. Navy anticipates fiscal year 2014 costs to total approximately \$70 million to \$80 million by completion of the mission.

22. Senator MANCHIN. Admiral Greenert, what trades-offs did you have to make in order to support the President's Syria policy?

Admiral GREENERT. Navy assets in the operating area that were scheduled to return to homeport were instead extended in the region to support this mission. Total fiscal year 2013 costs were \$42 million. To fund the forward deployed assets in fiscal year 2013, Navy canceled the port visits that these assets were scheduled to complete before returning to homeport.

Fiscal year 2014 costs to support the mission total \$45 million through the end of October 2013. Navy anticipates fiscal year 2014 costs to total approximately \$70 million to \$80 million by completion of the mission.

Some of the specific operational trade-offs included:

- The USS *Nimitz*'s extension to support Syria operations resulted in the loss of an opportunity to conduct dual-Carrier Strike Group (CSG) operations in the South China Sea.
- The Navy extended six ship deployments in length, by an average of 40 days per ship. This extension pushed the deployment length to over 10 months for two ships (USS *Stockdale* and USS *Shoup*) and reduced dwell (time in homeport between deployments) for each of the affected ships.
- Due to schedule limitations, the *Nimitz* CSG escort ships returned to homeport ahead of *Nimitz*. This required U.S. Pacific Fleet to sortie an unplanned escort ship. USS *Spruance* lost an opportunity to conduct sustainment training with the *George Washington* CSG as a result of this escort duty.
- Extended deployments resulted in a delay to the start of critical maintenance periods for five ships (USS *Nimitz*, USS *Princeton*, USS *Barry*, USS *Gravely*, and USS *Monterey*). The extension resulted in a slow start due to the loss of time to conduct pre-shipyards preparations and assessments.

SEQUESTRATION EFFECTS ON FUTURE PROCUREMENT AND MODERNIZATION PROGRAMS

23. Senator MANCHIN. General Odierno, Admiral Greenert, General Amos, and General Welsh, up to this point, the Services have not had to make major changes to their procurement and modernization programs. What weapon systems or modernization programs are at risk, if full sequestration continues into 2014 and beyond?

General ODIERNO. The Army must develop and field versatile and tailorable equipment that is affordable, sustainable, cost-effective, and enables our soldiers to fight and win across the range of conflict.

Every program and every portfolio of weapon systems in the Army would be directly affected if the cuts from full sequestration occur. That said, the Army remains committed to providing the warfighter with a superior tactical advantage on any battlefield. Last year, the Army was able to mitigate many of the impacts that would otherwise have come to fruition against a number of programs by offsetting sequestration reductions with prior year unobligated funds.

As prior year funds become increasingly scarce, the reality is that all weapon system programs would be affected in some way by sequestration reductions in 2014. We will first look to improve existing systems like the Paladin Integrated Management Program, our Abrams tank fleet to include procuring sufficient M1A2SEP tanks to complete the two-variant fleet strategy, the Bradley Infantry Fighting Vehicle, and our soldier systems to include the conversion of M4 carbines to M4A1 carbines.

We will invest in developmental modernization programs in select cases. For example, the Army will continue to pursue development and production of the Joint Light Tactical Vehicle (JLTV), which is needed to fill the capability gap between the High Mobility Multipurpose Wheeled Vehicle (HMMWV) and the Mine Resistant Ambush Protected (MRAP) family of vehicles. Additionally, the Armored Multi-Pur-

pose Vehicle (AMPV) is intended to replace the M113 family of vehicles, the primary vehicle for many of the Army's important capabilities, such as mortars, medical evacuation, and command and control vehicles.

If full sequestration continues into 2014 and beyond, the Army's ability to pursue modernization efforts to replace several aging platforms, such as the Armed Aerial Scout and the Ground Combat Vehicle for example, would be placed at risk.

Admiral GREENERT. The fiscal year 2013 sequestration reductions compelled us to reduce our afloat and ashore operations and created a significant shore maintenance backlog. The effects were barely manageable because we received authorization to reprogram funds into appropriate maintenance accounts, and we were able to use prior-year investment balances to mitigate reductions to investment programs.

If sequestration continues into fiscal year 2014, we will not be able to use prior-year funds to mitigate shortfalls in investment accounts as we did in fiscal year 2013. Without congressional action or mitigating circumstances, the reductions imposed by sequestration and the limitations of a Continuing Resolution will compel us to:

- Cancel planned fiscal year 2014 procurement of an SSN, an LCS and an AFSB; also, delay an SSN planned for fiscal year 2015 procurement. Each of these would further worsen the reduction in fleet size that the BCA would compel us to make over the long term.
- Delay the planned start of construction on the first SSBN(X) from fiscal year 2021 to fiscal year 2022. This would cause us to be unable to meet U.S. Strategic Command presence requirements when the *Ohio*-class SSBN retires.
- Cancel procurement of 11 tactical aircraft (4 EA-18G Growler, 1 F-35C Lightning II, 1 E-2D Advanced Hawkeye, 2 P-8A Poseidon, 3 MH-60 Seahawk) and about 400 weapons, exacerbating future BCA-driven reductions in our capabilities to project power despite anti-access/area denial (A2/AD) threats.
- Delay delivery of USS *Gerald R. Ford* (CVN 78) by 2 years, extending the period of 10 CVN in service, and lowering surge capacity.
- Delay the mid-life overhaul of USS *George Washington* (CVN 73) scheduled for fiscal year 2016, disrupting today's "heel-to-toe" CVN overhaul schedule and reducing near-term CVN capacity.
- Cancel or defer planning fiscal year 2014 fleet maintenance, including 34 of 55 surface ship maintenance periods totaling about \$950 million—all in private shipyards—and 191 of about 700 aircraft depot maintenance actions. This missed maintenance will inevitably take time off the expected service life of our ships and aircraft, which in turn will make it harder to sustain even the smaller fleet we will have if the revised discretionary caps remain in place for the long term.
- We will be compelled to keep in place our freeze on hiring for most civilian positions.
- Ashore we will continue to conduct only safety-essential renovation and modernization of facilities, further increasing the large backlog in that area.

General AMOS. If sequestration were fully implemented, the Marine Corps would have to reassess every program. Sequestration will cause interruptions across program acquisitions that increase total program costs. As schedules slip and delays are created due to these fiscally induced interruptions, we will see longer contracts, losses of efficiencies, negative impacts on development and production schedules, restructuring of programs, and Nunn-McCurdy breaches. In procurement, existing contracts will have to be renegotiated which will prevent the Marine Corps from receiving Economic Order Quantity pricing.

The Marine Corps will have to sustain legacy systems longer than planned which will drive up current operation and support costs. We will have to shift our attention to developing and replacing obsolescent parts for legacy systems, which will lead the workforce to focus on reengineering old and inefficient technologies (i.e. sustaining 5 legacy radar systems will cost more than employing one new Ground/Air Task Oriented Radar (G/ATOR)). Finally, technologies designed to improve efficiencies (e.g. fuel, lightweight armor, alternative energies) will have to be postponed, preventing the Marine Corps from realizing planned, future savings.

General WELSH. The effects of sequestration disrupt major defense acquisition programs throughout the development and fielding phases. The single largest impact of sequestration and current budgetary unknowns is the very serious impact they have on the meticulous cost and schedule planning mandated in numerous public laws and DOD acquisition policy. The increasing budgetary inefficiency

makes it very difficult, if not impossible, for our program managers to adequately do their jobs.

Sequestration cuts deep into Air Force investment accounts, which under this law must be applied equally at the program, project, and activity level; consequently, it impacts every one of the Air Force's acquisition programs. For example, a potential fiscal year 2014 sequestration impact for the F-35A low rate initial production, relative to the request, could be the loss of 4 to 5 aircraft from the requested amount of 19. This potential reduction will increase unit costs resulting in production funding shortfalls.

The cuts brought on by sequestration-level funding will force the Air Force to make profound reductions to readiness and major defense acquisition programs funded out of investment accounts to achieve the targeted decreased amounts in the first few years of the FYDP. When forced to make tough decisions, we will favor new capabilities over upgrades to our legacy forces; our top three acquisition priorities remain the KC-46, the F-35, and the Long-Range Strike Bomber (LRS-B).

QUESTIONS SUBMITTED BY SENATOR JOE DONNELLY

WEATHER SATELLITES

24. Senator DONNELLY. General Welsh, according to a study by the Aerospace Industries Association (AIA), DOD weather satellites are critical for use with the Intelligence Community to position spy satellites and airborne imaging assets. The AIA also cites that these satellites provide critical environmental intelligence to the warfighter and the SOF community—ensuring our forces are not unnecessarily harmed by rough weather we could have anticipated. There have also been reports in the press that if DOD fails to invest in new weather satellite capabilities, it could find itself using Chinese weather satellite data should a problem occur with National Oceanic and Atmospheric Administration (NOAA) weather systems. Weather information is critical to mission operations, yet DOD is considering not flying its own weather satellites and relying on NOAA and international assets which would likely include China because of budget concerns. At the same time, the Air Force is paying \$70 million a year in storage costs for a weather satellite unlikely to fly—shouldn't we take that money and go buy a new weather satellite? I am told the cost would be about \$200 million, which is less than 3 years of storage.

General WELSH. The Air Force's Defense Meteorological Satellite Program (DMSP) will provide seamless operational coverage through at least 2021. DMSP is the DOD's current polar-orbiting weather satellite system providing the U.S. military and Intelligence Community assured access to global environmental information. Its imagery and data is used for battlespace awareness, resource protection, and mission planning and execution at high latitudes and in data denied and data sparse regions. There are two DMSP satellites (F-19 and F-20) that remain available for launch, and both satellites completed Service Life Extension Program modifications in 2013. Currently, DMSP F-19 is being prepared to launch in April 2014; with an expected 7-year service life, F-19 will provide operational coverage to 2021.

DOD currently relies on a combination of DOD, civil, and international partner weather satellites for worldwide environmental monitoring operations. The combination of these systems provide global coverage, continuous data and awareness of environmental conditions and are primary sources of data for weather forecast models and environmental applications operated by the Air Force, Army, and Navy. According to the 2010 National Space Policy, "The Secretary of Commerce, through the NOAA Administrator, the Secretary of Defense, through the Secretary of the Air Force, and the NASA Administrator shall work together and with their international partners to ensure uninterrupted, operational polar-orbiting environmental satellite observations." Irrespective of future uncertainties in U.S. civil and international weather satellite systems' availability, there is no plan for the DOD Space-Based Environmental Monitoring baseline to be reliant upon Chinese weather data.

Regarding reference to a new weather satellite, the Air Force recently completed an Analysis of Alternatives (AoA) that assessed the need for a DOD weather satellite solution within the context of 12 space-based environmental monitoring collection gaps endorsed by the JROC. The Air Force is reviewing the final results of the AoA before releasing the results for the JROC review. The results of the JROC review will contribute to defining a DOD materiel solution to succeed DMSP and the collection gaps such a follow-on system may address.

25. Senator DONNELLY. Admiral Greenert, some of the ideas proposed by industry to maintain DOD weather imaging capabilities include leveraging innovative part-

nerships with the Canadians that will bolster coverage in the Arctic. This concept was recently touted by the Assistant Secretary of Defense, Ms. Madelyn R. Creedon. What kinds of concerns do you have within the Arctic region as the ice continues to melt and as the Russians and Chinese step up their presence there?

Admiral GREENERT. My greatest concern is that we must continue close cooperation with the Nations who share our interest in the region. It is unlikely that any one nation will be capable of addressing all the information needs of the future Arctic environment. Weather imaging for safety and a better understanding of arctic ice processes are perfect examples of areas where we need to communicate mutual concerns and cooperate toward shared investments, data, and knowledge.

26. Senator DONNELLY. Admiral Greenert, what are your needs when it comes to weather data and observations within the Arctic?

Admiral GREENERT. We will need enhanced sensing capabilities in the following areas:

- Ocean properties
- Atmospheric properties
- Sea ice extent
- Iceberg analysis and enhanced information about iceberg lifecycles
- Seasonal ice zone reconnaissance
- Ice and snow thickness
- Ice/sea/air interaction

The current Navy capability is sufficient for the extent of our operations today, but as our future presence increases, so will our needs for increased observations.

QUESTIONS SUBMITTED BY SENATOR MAZIE K. HIRONO

RESEARCH AND DEVELOPMENT

27. Senator HIRONO. Admiral Greenert, research and development (R&D) funding has been affected by sequestration. With the mandate to leave personnel accounts untouched, it has taken an even larger proportion of the cut than originally anticipated. R&D is very important in order to help advance our technologies and develop systems to assist in executing our defense strategy. What effects is sequestration having on the Navy's R&D efforts?

Admiral GREENERT. If sequestration continues, automatic percentage cuts are required to be applied without regard to strategy, importance, or priorities, resulting in adverse impact to almost every program and project within the Navy. Sequestration would adversely impact many of our R&D programs through contract cancellations, contract terminations, and undetermined cost increases caused by inefficient contracting and schedule delays. These impacts will reduce and delay our R&D efforts and negatively impact key procurement strategies in future years.

28. Senator HIRONO. Admiral Greenert, what are the effects on programs such as the Virginia Payload Module (VPM)?

Admiral GREENERT. VPM is a top Navy priority to recapitalize the undersea land attack capacity of our guided missile submarines that begin retiring in 2026. This solution is the lowest-cost approach to satisfy combatant commander undersea strike capability.

The Navy is committed to fully funding the VPM design to support incorporation in the *Virginia*-class Block V beginning construction in fiscal year 2019. Sequestration would increase the risk of design maturity to support Block V incorporation. This would further exacerbate the reduction in undersea payload volume as our guided missile submarines begin retiring in 2026.

29. Senator HIRONO. Admiral Greenert, in your estimation, how important is this program in terms of our National Security Strategy?

Admiral GREENERT. VPM is a top Navy priority to recapitalize the undersea land attack capacity of our guided missile submarines that begin retiring in 2026. This solution is the lowest-cost approach to satisfy combatant commander undersea strike capability.

REBALANCE STRATEGY

30. Senator HIRONO. Admiral Greenert and General Amos, while the administration plans a significant strategic commitment to the Asia-Pacific region through its rebalance, the Services face force structure adjustments and sequester-related re-

source constraints. What are the potential risks and challenges facing DOD with the new strategy and resource constraints resulting from sequestration?

Admiral GREENERT. I remain committed to providing support to our allies in the Asia-Pacific region and our fiscal year 2014 President's budget submission proposed increasing presence in the Asia-Pacific region from about 50 ships today to about 60 ships in 2020, consistent with the DSG's direction to rebalance to that region. We are considering numerous options, including forward basing more of our forces overseas to maximize the presence they provide. With our priorities focused on the Asia-Pacific region, we will have to take risk elsewhere.

General AMOS. The President has made clear that the rebalance to the Asia-Pacific region, including restationing within and off Okinawa, is a whole-of-government effort that is the result of our enduring U.S. interests in the Asia-Pacific region. Our enduring interests will not change however the budget constraints of sequestration may require a change to the pace and scope of DOD's activities in the Asia-Pacific region.

We have and will continue to meet the demand for marine presence in the Pacific. We are concerned that continued sequestration, when applied in the midst of our planned redistribution of forces in the Pacific, will impose significant risks to our operational readiness and responsiveness. Sequestration will further impact our ability to maintain deterrence, project power, respond to crises, and contribute to stability, in accordance with combatant commander requirements and timelines. Sequestration will also result in delays in facilities and force posture restructuring necessary to achieve the distributed laydown plan, inducing additional risk for Marine Corps forces in the Pacific. The effects of sequestration on Strategic Mobility in the Pacific region highlight another area of concern. The Marine Corps' ability to project power, participate in Theater Security Cooperation events with allies and partners and respond to crises in the Pacific could be impacted with reduced U.S. Navy ship availability and the higher usage costs of other forms of intra-theater lift.

CHALLENGES FACING THE DEFENSE INDUSTRIAL BASE

31. Senator HIRONO. General Welsh, our defense industrial base has played a major role in the national security of our country for many years. It has led the way on many technological advances which also served civilian uses as well. The industry also employs many of our science, technology, engineering, and mathematics (STEM) graduates who are in search of high-tech opportunities to challenge them. The professionals in this industry serve our country and play a large role in the economic security and national defense of this country. Needless to say, the industry is very important to the Nation. What are the challenges facing the defense industrial base under current sequestration cuts, and what looms in the future if it continues?

General WELSH. The Air Force, regardless of its future size, will continue to rely on the national technology and industrial base to develop, produce, and sustain the weapon systems and equipment so that airmen can fly, fight, and win in the air, space, and cyber domains. As our force structure adjusts to the emerging fiscal realities under the BCA, so will the demands the Air Force places on the industrial base.

With regard to the impacts of the BCA, the cuts imposed had the same type of impact on the companies that supply the Air Force with goods and services as the cuts had on the Air Force itself. The impacts were both across the board and instantaneous with associated increased levels of risk and uncertainty. As has been reported in the press, the larger companies are reducing and reorganizing to better cope with the emerging fiscal realities. Information concerning smaller companies is not as well covered by the press. However, the Air Force relies on many of those smaller firms for specialized products and services that enable our capabilities.

As I look ahead, I am concerned about ensuring a critical mass of engineering and design talent to produce the next generation of unique military capabilities. While the Air Force leverages the capabilities of the global commercial industrial base where possible, there are distinct skills and knowledge needed to provide the technical advantage for your airmen to continue to be successful in the tactical environment.

32. Senator HIRONO. Admiral Greenert, I'm particularly interested in the potential effects on the manufacturing of *Virginia*-class submarines, many of which will be vital to our rebalance strategy. Currently, the Navy is scheduled to acquire two *Virginia*-class submarines per year. If budget restraints force the production delays or quantity cuts, what is the impact this would have on our ability to maintain and

grow our high-tech manufacturing workforce and maintain our production capabilities?

Admiral GREENERT. Production instability and budget uncertainty present two major risks to the submarine industrial base and manufacturing workforce and could result in increased acquisition costs and reduced procurements. Production delays or quantity cuts due to budget restraints translate into reduced retention of skilled labor, less material purchasing power, inefficient workforce and financial planning, weak learning curve performance, and less willingness for industry to invest in facility improvements; all resulting in less efficient ship construction and a more expensive shipbuilding program. DOD and the Navy have made hard decisions in the last few budget cycles to maintain a stable, efficient production rate. Maintaining the current production rate ensures workforce and schedule alignment with the *Ohio*-class replacement ballistic missile submarine. Further budget restraints or reductions make maintaining this efficient production rate more challenging and less likely.

The greater risk to the submarine industrial base is associated with budget uncertainty, particularly the disruption and inefficiency caused by sequestration, and delayed authorization and appropriations associated with CRs. To a degree, we can work with our industrial partners, our shipbuilders and the vendor base to mitigate the impact of disruptions that we can foresee. A CR beyond January 15, 2014, places at risk the award of two fiscal year 2014 submarines as part of the Block IV MYP and causes significant outyear bills and erosion of savings due to loss of funding for Advance Procurement and Economic Order Quantity material. Sequestration is causing future year cost-to-complete bills in all shipbuilding programs, not just submarines, compounding the challenges of maintaining production with smaller budgets.

NATIONAL SECURITY STRATEGY

33. Senator HIRONO. General Odierno and General Welsh, you have made it very clear that sequestration is affecting readiness and modernization efforts. How is sequestration affecting our ability to execute our defense strategy?

General ODIERNO. If Congress does not act to mitigate the magnitude, method, and speed of the reductions under the BCA caps, the Army will be forced to make significant reductions-in-force structure and end strength. Such reductions will not allow us to execute the 2012 DSG, and will make it very difficult to conduct even one sustained major combat operation. The Army will have a degraded readiness and extensive modernization program shortfalls from fiscal year 2014 to fiscal year 2017 as we draw down and restructure the Army into a smaller force. We will be required to end, restructure, or delay over 100 acquisition programs, putting at risk programs such as the Ground Combat Vehicle and the Armed Aerial Scout. Likewise, it will put the production and modernization of our other aviation programs, system upgrades, unmanned aerial vehicles, and our air defense command and control systems at risk.

General WELSH. The abrupt and arbitrary nature of sequestration drives the Air Force into a “ready force today” versus a “modern force tomorrow” dilemma. This dilemma is dangerous and avoidable. If we are given the flexibility to make prudent cuts over time, we can achieve the savings required under current law and still maintain our ability to provide Global Vigilance, Global Reach, and Global Power for the Nation. However, sequestration robs us of that flexibility.

With sequestration we are unable to maintain mission readiness levels, our training programs will be unable to meet current production targets, and we are creating a bow wave in critical aircraft maintenance. Compensation reform and infrastructure reduction are critical. If they are not addressed, then the cuts must come entirely from readiness and modernization. This will result in reduced combat power from a smaller, less capable, and less ready force, thereby increasing national security risk. As a result, if sequestration continues, the Air Force will not be able to support the current defense strategy.

34. Senator HIRONO. General Odierno and General Welsh, are we doing less of what we want to do or are we doing the same things but accepting more risk?

General ODIERNO. Both. We’re doing less of what we need to do to support the National Military Strategy (NMS)—especially in the realm of shaping military relationships and deterring conflict. Simultaneously, the Army is sustaining current operational commitments within the context of the reduced fiscal authorities, which is jeopardizing our contingency response capabilities. In the totality, both of these actions are increasing strategic risk.

General WELSH. Our operational commitments have remained the same, but the fiscal reductions have caused us to forgo needed training and exercises. As our current budget constraints force a reduction in our readiness and modernization efforts, we are forced to accept greater risk as we defend our Nation's interests. As we reduce force structure, we are certainly not able to do as much as we have done in the past. When I entered the Air Force in 1976, we had 725,000 Total Force military airmen, including 585,000 on Active Duty. Today we have 506,000 Total Force military airmen with only 329,000 on Active Duty. There is a limit to how small we can get and still fulfill the DSG because our supply of forces is equal to the strategic demand with almost no margin in capacity. We will be forced to get smaller, both in terms of people and aircraft. If the reduced discretionary caps continue, over the next 5 years we may be forced to cut approximately 25,000 (5 percent) Total Force airmen and approximately 550 (9 percent) aircraft.

35. Senator HIRONO. General Odierno and General Welsh, how do you reconcile the strategy with the budget reductions?

General ODIERNO. The Army is incapable of executing the DSG with the resources allocated by the BCA. Further, there are long-term consequences for Army readiness. We have mortgaged our future by removing money from our readiness account and halting critical training. We intended for all Active Army brigades not scheduled to deploy to Afghanistan to train on their critical core competencies, but we were forced to cancel all Combat Training Center rotations for nondeploying units. Canceling rotations for seven brigade combat teams (BCT) at either the National Training Center or the Joint Readiness Training Center, deprived our future leaders of critical developmental experiences. We will inevitably pay a price down the road because we simply cannot ever recover that absence of training and readiness back for those leaders and their soldiers.

General WELSH. Budget reductions will not change the Air Force's enduring contributions to national security, or the responsibilities set forth by the DSG. However, these reductions will require the Air Force to make difficult choices and trade-offs between being ready today or preparing for tomorrow's challenges driving increased risk to the Air Force's ability to meet current and future national security obligations.

QUESTIONS SUBMITTED BY SENATOR JAMES M. INHOFF

RISK

36. Senator INHOFF. General Odierno, Admiral Greenert, General Amos, and General Welsh, how far down the path are we on to a force that is so degraded and so unready that it will be immoral to use it?

General ODIERNO. I have been warning for some time that unless the budget situation is changed significantly, we are heading for a hollowing of the force and critical degradation of our overall readiness. That said, we are taking steps to ensure we retain the capability to respond to threats by preserving the readiness of deploying units and of a force package able to respond to immediate contingency requirements. Absent budgetary relief, this is the only logical approach we can take to ensure we send first-deploying units into harms' way that are combat ready in terms of manning, equipping, and training. However, the longer we must accept risk in readiness by deferring training for the rest of the force, the longer it will take to regain acceptable level of readiness.

My other concern is that by reducing the capacity and capability of the Army, the United States invites miscalculations by future adversaries, making military conflict more, not less, likely. Potential adversaries could misjudge the potential costs and consequences of their planned actions and behaviors against the perceived ability and will of the United States to protect U.S. national interests.

I will always do everything in my power to ensure that whenever we send soldiers into battle, their units are properly manned, trained, and equipped. In the end, the national defense strategy and decisions to use military force cannot be out of line with the Army the Nation has decided it can afford.

Admiral GREENERT. We will continue to deploy only forces that are fully trained and ready. The reductions in O&M funding imposed by current law allow us to train only those forces that are next up to deploy and compel us to reduce training and readiness of other non-deployed forces. This will result in only one non-deployed CSG and one Amphibious Readiness Group (ARG) trained and ready for contingency response. Our covenant with the combatant commanders is to have at least two

CSG and two ARG deployed and another three of each in or around the continental United States (CONUS), ready to respond to a crisis.

This reduced capacity for contingency response will occur in fiscal year 2014 if we are subject to sequestration and also in the long term if we continue to be constrained to the BCA's revised discretionary caps. With this reduction, our fully trained presence and surge forces would be sufficient to conduct only one large-scale operation, as defined today.

General AMOS. During this first year of sequestration, I have realigned funds within my authorities to maintain the near-term readiness of our forward deployed forces and those units preparing to deploy. Marines on the forward edge of our Nation's security remain my number one priority. The forces that currently support the Afghanistan mission, those engaged in countering terrorism globally, and those preparing to deploy forward, will receive the full support they need.

The cascading effects of the necessary internal budget realignment will start to catch up to the Marine Corps no later than 2017. It will manifest itself in fewer Active component marines, less investment in training and infrastructure, and forgone modernization. If allowed to continue along this path slope, we will risk a force that is tiered in its capabilities. Forces rotated or deployed forward will leave CONUS best dressed, but most of those remaining back at their home base or station will be degraded. In aggregate, the force will likely be one that is less trained, equipped, and ready for war than what the American people have come to expect from their all-volunteer military.

General WELSH. Air Force readiness is on a 20+ year downward trend and sequestration only serves to accelerate this decline. With recent sequestration-driven cuts, our forces may not be sufficiently equipped, trained, and ready, which increases survivability risk to the force and risk in our ability to achieve desired operational and strategic outcomes. The degree of risk depends on a number of factors—such as the threat environment and our strategic and operational objectives. Increased risk alters our—and our adversaries'—decision calculus, which can effectively limit strategic options for the President and combatant commanders. It is our Title 10 responsibility and sworn duty to provide airmen the required training, resources, and equipment so that they can successfully accomplish their assigned missions with an acceptable level of risk. However, sequestration has forced us to make very difficult choices in our efforts to manage this risk so that the Air Force can field ready forces for combatant commanders.

37. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, given the overwhelming impact to readiness accounts over the next 2 years, when will we reach the point where the force is so degraded it will be immoral to use it?

General ODIERNO. We are taking steps to ensure we retain the capability to respond to threats, by preserving the readiness of deploying units and of a force package able to respond to immediate contingency requirements. If sequestration level reductions continue into fiscal year 2014, the Army will begin a period of degraded readiness, leaving our BCTs unprepared to deploy. In the event of a crisis, we will deploy these units at significantly lower readiness levels.

My other concern is that by reducing the capacity and capability of the Army, the United States invites miscalculations by future adversaries, making military conflict more likely. Potential adversaries could misjudge the potential costs and consequences of their planned actions and behaviors against the perceived ability and will of the United States to protect U.S. national interests.

Our soldiers are adaptive and agile; over time they will accomplish their mission, but their success will come with the greater cost of higher casualties.

Admiral GREENERT. We will continue to deploy only forces that are fully trained and ready. The reductions in O&M funding imposed by current law allow us to train only those forces that are next up to deploy and compel us to reduce training and readiness of other nondeployed forces. This will result in only one nondeployed CSG and one ARG trained and ready for contingency response. Our covenant with the combatant commanders is to have at least two CSG and two ARG deployed and another three of each in or around the CONUS, ready to respond to a crisis.

This reduced capacity for contingency response will occur in fiscal year 2014 if we are subject to sequestration and also in the long term if we continue to be constrained to the BCA revised discretionary caps. With this reduction, our fully trained presence and surge forces would be sufficient to conduct only one large-scale operation, as defined today.

General AMOS. During this first year of sequestration, I have realigned funds within my authorities to maintain the near-term readiness of our forward deployed forces and those units preparing to deploy. Marines on the forward edge of our Na-

tion's security remain my number one priority. The forces that currently support the Afghanistan mission, those engaged in countering terrorism globally, and those preparing to deploy forward, will receive the full support they need.

The cascading effects of the necessary internal budget realignment will start to catch up to the Marine Corps no later than 2017. It will manifest itself in fewer Active component marines, less investment in training and infrastructure, and forgone modernization. If allowed to continue along this path slope, we will risk a force that is tiered in its capabilities. Forces rotated or deployed forward will leave CONUS best dressed, but most of those remaining back at their home base or station will be degraded. In aggregate, the force will likely be one that is less trained, equipped, and ready for war than what the American people have come to expect from their All-Volunteer military.

General WELSH. It is our title 10 responsibility to provide airmen the required training, resources, and equipment so that they can successfully accomplish their assigned missions with an acceptable level of risk. However, Air Force readiness is on a 20+ year downward trend and sequestration only serves to accelerate this decline. With recent sequestration-driven cuts, our forces may not be sufficiently equipped, trained, and ready, which increases survivability risk to the force and risk in our ability to achieve desired operational and strategic outcomes. The degree of risk depends on a number of factors—such as the threat environment and our strategic and operational objectives. Increased risk alters our—and our adversaries'—decision calculus, which can effectively limit strategic options for the President and combatant commanders.

DEFENSE STRATEGY AND NATIONAL SECURITY IMPACTS

38. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, the American people are not hearing your warnings and do not believe your message because thus far your warnings have been abstract and fail to define the consequences to our safety and security. So, in plain terms, what does it mean that you won't be able to implement the DSG requirements and will we be less safe as a result?

General ODIERNO. The DSG outlines the strategy our Nation has adopted to ensure the safety of our citizens and reassure our allies and partners. The Army's inability to execute this strategy leads to increased risk to stability and decreased safety for American citizens.

The fundamental premise of the DSG is to protect our Nation with broad efforts to redirect and reduce international competition, which is the primary driver of the types of conflicts most dangerous to America's citizens and its interests. Sustaining global leadership is key to this strategy, and military superiority as an element of national power and is one of our Nation's most critical and unique advantages.

America's military superiority rests on the strength and readiness of its Army. As the most versatile Service, the U.S. Army is the only land force that can deploy several thousand troops anywhere in the world and sustain them indefinitely. Further, the Army underpins the Joint Force by sustaining the Air Force, Marine Corps, and Navy, allowing the other Services to conduct operations in the maritime and air domains as well.

This is a unique advantage that allows the Army to prevent the outbreak of significant conflicts across the globe, shape the environment in ways favorable to the United States, and win wars and end conflicts on terms that are favorable to the safety of America's citizens, when necessary.

As a result of the first round of defense cuts, the Army is less ready to prevent conflicts, conduct decisive land operations, as well as provide support to the other Services. Further reductions under the BCA will, over time, result in greater global instability, longer wars, increased risk to U.S. citizens, and higher casualties. Our Nation cannot predict when or where American soldiers will be needed next, and a moderate investment in a properly resourced Army will hedge against the significant costs of having an under-resourced Army.

Admiral GREENERT. The BCA revised discretionary caps will preclude our ability to execute the 2012 DSG in the near-term and the long-term. Applying one fiscal and programmatic scenario, we would end with a fleet of about 255 ships in 2020. That is about 30 less than we have today, about 40 less than was planned in our fiscal year 2014 President's budget submission, and 51 less than our force structure assessment indicates is required.

Presence remains the Navy's mandate. We must operate forward where it matters and we must be ready when it matters. This posture enables us to respond to con-

tingencies. Our forward presence reassures our allies and ensures U.S. interests around the world are properly served.

The 2020 fleet described above would not meet the DSG requirements for the mission to Provide a Stabilizing Presence. Navy would be less able to reinforce deterrence, build alliances and partnerships, and influence events abroad. Navy would not increase our global deployed presence, which would remain at about 95 ships in 2020. The lethality inherent in this presence, based on ship type deployed, would be less than today's 95-ship presence.

We would also not increase our presence in the Asia-Pacific, which would stay at about 50 ships in 2020. This would largely negate the ship force structure portion of our plan to rebalance to the Asia-Pacific region directed by the DSG.

Under the same planning scenario, the reduction in our O&M would result in only one nondeployed CSG and one ARG trained and ready for contingency response. We would not fulfill our covenant with the combatant commanders to have at least two CSGs and two ARGs deployed and to have another three of each in or around the CONUS ready to respond to a crisis on short notice.

In this planning scenario, we would not be able to conduct one large-scale operation and also counter aggression by an opportunistic aggressor in a second theater as required by the DSG. The Fleet would only be sufficient to conduct all missions associated with only one large-scale operation, as defined today.

General AMOS. To satisfy the requirements of the DSG, we need a Marine Corps of 186,800 Active Duty marines. Under the 2011 BCA, we estimated that a force of 182,100 Active component marines could still be afforded, albeit with reduced modernization and infrastructure support. Under continued sequestration, an Active-Duty Force of 175,000—far less than is warranted and not accounting for additional embassy security marines—is frankly all we can afford even with very steep cuts to modernization accounts and infrastructure. This significantly reduced force could meet steady state requirements and be able to deter or defeat aggression in one region albeit with significant strain on the force and increased risk to mission accomplishment. When engaged in a major contingency operation, an Active component Marine Corps of 175,000 would be incapable of denying the objectives of an aggressor in a second region or respond to other crises around the globe. This weakened posture makes the Nation, as well as many of our security partners, vulnerable to opportunistic regional or non-state actors seeking to capitalize on our diminished capacity knowing we have no credible response.

General WELSH. If reductions of the magnitude identified by sequestration continue, we will be forced to pursue the following long-term actions:

- (1) Force Structure: We will be forced to get smaller, both in terms of people and aircraft. Right now we anticipate potential reductions of as many as 25,000 people and 550 aircraft. There is a limit to how small we can get and still fulfill the DSG because our supply of forces is equal to the strategic demand with almost no margin in capacity.
- (2) Readiness: When the Air Force talks about readiness, we're talking about our ability to quickly respond to our Nation's demands with airpower delivered by airmen who are appropriately trained and equipped to accomplish the mission at hand. We will prioritize funding for training and readiness. Despite this prioritization, under a full sequestration reduction, we will still see significant eroding of our readiness in the near-term. The long-term effects of which will be detrimental and cannot be fully quantified at this time.
- (3) Modernization: If the reduced caps under current law continue, our modernization forecasts are bleak. This funding level will impact every one of our modernization programs. These disruptions will, over time, cost more taxpayer dollars to rectify contract breaches, raise unit costs, and delay delivery of critical equipment. The public may not recognize the effects of these reductions initially. The damage will be insidious. However, should we face a high-end threat in the future—the impact of not modernizing will be blatant and deadly.

While failing to achieve national objectives in the next counterinsurgency fight would be distressing, losing a major full-spectrum fight would be catastrophic. If America expects its Air Force to dominate the skies in the future battlespace, modernization and recapitalization are not optional.

STRATEGIC CHOICES AND MANAGEMENT REVIEW

39. Senator INHOFF. General Odierno, Admiral Greenert, General Amos, and General Welsh, do you agree that if allowed to proceed, sequester will do unspeakable

damage to our national security? Please elaborate on the risks resulting from those cuts.

General ODIERNO. Emerging threats in today's environment require a joint force with a ground component that has the capability and capacity to deter and compel adversaries who threaten our national security interests. The BCA and sequestration severely threaten our ability to do this. The magnitude, method, and speed of reductions will not allow us to execute the 2012 DSG, and will make it very difficult to conduct even one sustained major combat operation.

The DSG outlines the strategy our Nation has adopted to ensure the safety of our citizens and reassure our allies and partners. The Army's inability to execute this strategy leads to increased risk to stability and decreased safety for American citizens.

The fundamental premise of the DSG is to protect our Nation with broad efforts to redirect and reduce international competition, which is the primary driver of the types of conflicts most dangerous to America's citizens and its interests. Sustaining global leadership is key to this strategy, and military superiority as an element of national power is one of our Nation's most critical and unique advantages.

America's military superiority rests on the strength and readiness of its Army. As the most versatile Service, the U.S. Army is the only land force that can deploy several thousand troops anywhere in the world and sustain them indefinitely. Further, the Army underpins the Joint Force by sustaining the Air Force, the Marine Corps, and the Navy, allowing the other Services to conduct operations in the maritime and air domains as well.

This is a unique advantage that allows the Army to prevent the outbreak of significant conflicts across the globe, shape the environment in ways favorable to the United States, and win wars and end conflicts on terms that are favorable to the safety of America's citizens, when necessary.

As a result of the first round of defense cuts, the Army is less ready to prevent conflicts, conduct decisive land operations, as well as provide support to the other Services. Further reductions under the BCA will, over time, result in greater global instability, longer wars, increased risk to U.S. citizens, and higher casualties. Our Nation cannot predict when or where American soldiers will be needed next, and a moderate investment in a properly resourced Army will hedge against the significant costs of having an under-resourced Army.

Admiral GREENERT. We understand the pressing need for the Nation to get its fiscal house in order. DOD should do its part, but it is imperative we do so in a coherent and thoughtful manner to ensure appropriate readiness, warfighting capability, and forward presence—the attributes we depend upon from our Navy.

We will continue to view each of our choices through the lens of the three tenets I established when I took office as CNO: Warfighting First, Operate Forward, and Be Ready. But with each year of sequestration, the loss of force structure, readiness, and future investments will cause our options to become increasingly constrained and drastic; our ability to contribute to the Nation's security will be reduced.

General AMOS. The effects of the 2011 BCA and the subsequent sequester are already damaging our national security. By forcing the Marine Corps and the other Services essentially to mortgage the future capability and capacity of the force to fund readiness we are heading down a path towards a brittle and hollow force that will be less capable of meeting the security needs of the Nation.

General WELSH. The Air Force offers five enduring contributions to our national defense: (1) air and space superiority; (2) ISR; (3) rapid global mobility; (4) global strike; and (5) command and control.

If the reduced discretionary caps with the threat of sequestration remain in place for fiscal year 2014, we could be forced to cut flying hours by as much as 15 percent. As a result, many of our flying units will be unable to fly at the rates required to maintain mission readiness for 3 to 4 months at a time, we'll cancel or significantly curtail major exercises, and we'll reduce our initial pilot production targets.

Additionally, sequestration-level cuts and/or an extended CR severely threatens each of our top priority programs as well as every single lower priority program. For example, today the average age of our fourth generation fighters, which are critical to both air and space superiority and global strike, is over 25 years of age. These fighters are simply unable to survive or operate inside the advanced, integrated air defenses some countries have today. The B-52 and the KC-135 fleets providing part of our global mobility and global strike capability are over 50 years old. They too, are unable to survive and operate in the sophisticated air defense environments we face today, and in the future. The F-35, the KC-46, and the LRS-B programs are just three of the modernization programs vital to our modernization effort.

We cannot afford to mortgage the future of our Air Force and the defense of our Nation. Modernization is required to execute our core missions against a high-end threat in 2023.

40. Senator INHOFF. General Odierno, Admiral Greenert, General Amos, and General Welsh, are the plans you presented for the Strategic Choices and Management Review (SCMR) a reflection of the capacity and capabilities you can provide for a given level of funding or are they informed by the level of resources necessary to meet our strategic needs?

General ODIERNO. Both. The start point for the SCMR was to first consider the resources required to execute the defense strategy and meet the needs of the combatant commanders. Afterwards, we were directed to look at what we would be able to do at decremented funding levels by showing the increased risks associated with lower levels of readiness, modernization, and force structure.

Admiral GREENERT. The SCMR options reflect the capacity and capability choices necessary if the revised discretionary caps continue in the long-term. Our fiscal year 2014 President's budget submission reflects the resources necessary to execute the DSG with acceptable risk.

General AMOS. The series of choices developed through the SCMR process are a reflection of the capacity and capabilities the Marine Corps could provide for a range of lower funding levels. However, it is important to note that in the course of developing those fiscally constrained choices, we ensured the judicious application of resources to best meet the strategic needs of the Nation.

For the Marine Corps, our portion of the SCMR examined several possible end strength reductions. The strategy driven force is approximately 186,800 Active-Duty marines, and that was not one of the options examined in the SCMR process. Instead, the SCMR end strength options were a reflection of the capacity and capabilities the Marine Corps could provide for an approximate (lower) level of funding; the result is a 175,000 Marine Corps, which is a viable, fiscally driven end strength. However, we did not simply accept a linear reduction; instead, we conducted a detailed analysis to determine the optimal designed force based on the strategic needs of the Nation. We understand that the Nation requires a smaller, redesigned, and ready force that is able to respond quickly to the most likely threats facing the Nation, and we optimized the distribution of capacity and capability within our 175,000 force to meet that strategic imperative. For example, we eliminated a MEF HQ and provided permanent structure for two Special Purpose Marine Air Ground Task Forces (MAGTF). We chose to take risk in warfighting headquarters rather than smaller, forward deployed crisis response units because of the strategic needs of the Nation. Ultimately, although 175,000 is a fiscally driven force, the strategic needs of the Nation were paramount in each decision.

General WELSH. The current plans are informed by the levels of funding for the capacity and capabilities we can provide for each of the funding levels laid out in SCMR. Budget uncertainty required us to look at strategic trades across multiple budget scenarios to align choices and tradeoffs with strategic priorities to meet sequestration cuts if required.

41. Senator INHOFF. General Odierno, Admiral Greenert, General Amos, and General Welsh, how were the SCMR funding levels for each Service determined?

General ODIERNO. Three budget options were discussed during the SCMR: (1) a President's budget to "sustain" the DSG; (2) an In-Between Budget to "bend" the DSG, and (3) the BCA which would "break" the DSG. The OSD did not present the methodology on how Service shares were generated for these three options.

Admiral GREENERT. The SCMR was directed by the Office of Secretary of Defense (OSD) to produce options and identify choices that would prepare the way for DOD to comply with the revised discretionary caps of the BCA of 2011. Secretary Hagel directed the SCMR to generate a menu of options built around the following budget scenarios:

- First, the President's fiscal year 2014 budget, which incorporates the carefully calibrated and largely backloaded \$150 billion reduction in defense spending over the next 10 years.
- Second, the BCA sequester level caps, which would cut another \$52 billion from defense spending in fiscal year 2014, with \$500 billion in reductions for the DOD over the next 10 years.
- Third, an in-between scenario that would reduce defense spending by about \$250 billion over the next 10 years, but would be largely back-loaded.

In July 2013, OSD provided fiscal guidance to the Services directing the development of two fiscal years 2015–2019 budget submissions: one at the President's bud-

et 2014 level and the other at the BCA level. The OSD fiscal guidance included base budget topline for each Service at each level.

General AMOS. The budget scenarios considered in the SCMR process ranged from the President's budget proposal for fiscal year 2014 and beyond (cuts of about \$150 billion applied heavily to later years) to full compliance with the BCA caps (cuts every year of about \$50 billion). This range of planning scenarios is consistent with OMB guidance. The SCMR examined large blocks of capabilities across DOD (we called them Force Elements), and assessed incremental reductions in capability and capacity. Some of these Force Elements were unique to a single Service, some of them crossed Service lines. We studied reductions in all Force Elements, across all Services—nothing was off the table—but no single Service was assigned a specific targeted funding level that they had to meet.

General WELSH. Per OSD's guidance, the budget scenarios considered in the SCMR ranged from the President's budget proposal for fiscal year 2014 and beyond (cuts of about \$150 billion applied heavily to later years) to full compliance with the BCA caps (cuts every year of about \$50 billion). This range of planning scenarios is consistent with OMB guidance. OSD's fiscal guidance is structured around those two budget scenarios and is intended to enable execution of the strategic rebalancing effort.

42. Senator INHOFF. General Odierno, Admiral Greenert, General Amos, and General Welsh, Secretary Hagel has stated that a basic tradeoff in funding will be between capacity and capability. How do you intend to address this tradeoff?

General ODIERNO. Given the necessity to prepare for the reduced discretionary caps and threat of sequestration in fiscal year 2014, the Army's execution of the fiscal year 2014 budget will proceed along five avenues. First, Secretary McHugh and I have directed that we accelerate the deliberate downsizing of the Army's Active end strength from its current level of 532,530 to 490,000 by fiscal year 2015 instead of fiscal year 2017. Second, we are implementing force structure changes—including the reorganization of our BCTs—to reduce brigade level headquarters while sustaining combat power. Third, we will be forced to concentrate readiness funding into few units, resulting in readiness shortfalls during fiscal year 2014–fiscal year 2017. Fourth, we will reprioritize our modernization programs and determine which ones are most critical to filling capability gaps and which ones will be delayed or cancelled. Fifth, we will make every effort to recruit and retain a high quality, professional, and disciplined AVF while we support our veterans transitioning back to civilian life.

Admiral GREENERT. There are numerous ways to adjust Navy's portfolio of programs to meet the BCA of 2011 revised discretionary caps. These are currently under deliberation within DOD.

Any scenario to address the fiscal constraints under current law must include sufficient readiness, capability, and manpower to complement the force structure capacity of ships and aircraft. This balance would need to be maintained to ensure each unit will be effective, even if the overall fleet is not able to execute the DSG. There are, however, many ways to balance between force structure, readiness, capability, and manpower.

To provide perspective on the level and type of adjustments that will need to be made, one potential fiscal and programmatic scenario would result in a 2020 Fleet of about 255 to 260 ships, about 30 less than today, and about 40 less than Navy's fiscal year 2014 President's budget submission. It would include 1 to 2 fewer CSG, and 1 to 2 fewer ARG than today. This 2020 fleet would not meet the DSG requirements.

General AMOS. Within the Marine Corps, we see it as a triad—capability, capacity, and readiness, but on a fundamental level, yes, we will need to make tradeoffs across those areas. However, it's not an either/or proposition; it's about striking the right balance given the current and future security and fiscal environments. Under sequestration, the Marine Corps will take risk in capacity and capability in order to preserve near term readiness—it's happening already. Our end strength is coming down to 175,000 by the end of fiscal year 2017; that's the maximum glideslope possible that will allow us to keep faith with marines and their families that have been strained for the last decade. Additionally, we have made large reductions to our modernization accounts—delaying key programs and completely eliminating others. We have made those hard choices in order to preserve near-term readiness, because that's what we bring the Joint Force and that's what the Nation expects of her marines. We will be smaller, we will be leaner, but we will remain ready to respond to today's crisis, with today's force, today.

General WELSH. The blunt and indiscriminate mechanism of sequestration is forcing the Air Force to choose between a ready and right-sized force today or a modern

force tomorrow. One of the foundations of our fiscal year 2015 POM was to protect our future warfighting capabilities; to achieve this—while maintaining a credible, ready force capable of fighting today’s fight—we will be required to divest some force structure in order to avoid a hollow force. The Air Force carefully designed our fiscal year 2015 budget recommendations to provide a right-sized force that is able to meet today’s challenges while protecting our ability to modernize for tomorrow’s fight. However, despite our best efforts, the reality is that this fiscally constrained environment also means accepting the tradeoffs of an Air Force that has less capacity and capability, will take longer to prosecute the Nation’s call to national security exigencies, and may suffer higher casualties and attrition against adversaries in doing so.

43. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, have any of you developed a plan for addressing or implementing this SCMR tradeoff in fiscal year 2014, and if so, when do plan to inform Congress of the changes needed in your fiscal year 2014 budget plans?

General ODIERNO. The impact of sequestration in fiscal year 2013 coupled with the threat of fiscal year 2014 sequestration levels of funding are forcing the Army to implement significant reductions to endstrength, readiness, and modernization in order to generate short-term cost savings. However, this will leave Congress, future administrations, and the Nation with severely reduced options for action. The next administration will have less capability to deter conflict and would be increasingly reliant upon allies in any future conflict, with no guarantee that our allies would be willing or able to provide the assistance needed to meet U.S. national security goals. In the event of a strategic surprise or upon the completion of hostilities, an undersized Army would be unable to conduct long-term stability and transition operations.

The Army remains fully committed to the enactment of President’s budget for fiscal year 2014. The Army’s portion of that base budget, \$129.7 billion, is necessary in its entirety to ensure that the Army meets the requirements of the 2012 DSG. The fiscal year 2014 budget, however, does not provide the funds necessary to address decaying readiness that is the result of earlier agreements with DOD. As a result, I submitted a \$3.2 billion Unfunded Request Memo on 6 June 2013. In addition to the fiscal year 2014 base budget, the Army has submitted a separate request of \$47.6 billion in fiscal year 2014 OCO funding for operations in Afghanistan; it is critical that this request be fully funded to support our soldiers currently deployed and those soon to deploy into theater.

The SCMR was a valuable forum to discuss the projected impacts of sequestration and to formulate the choices facing us in the areas of end strength, force structure, readiness, and modernization. The Army is working closely with the DOD to provide detailed plans to operate during fiscal year 2014 at the base budget funding level consistent with the fiscal year 2014 funding caps in the BCA of 2011, as amended. DOD is currently consolidating all Services input and will provide Congress a potential BCA level implementation plan in mid-December.

Admiral GREENERT. The mechanical implementation of sequestration does not allow us to plan for a tradeoff between capacity and capability. However, if Congress authorizes reprogramming, Navy can work to restore balance between readiness, force structure, modernization, and manpower. Just to meet minimum readiness needs, we need to transfer or reprogram about \$1 billion into the O&M account and about \$1 billion into our procurement accounts, mostly for shipbuilding, by January 2014.

For fiscal year 2014, Navy will prioritize meeting our global presence requirements, but with reduced capacity to surge additional forces to respond to crises. Maintaining current readiness and forward presence to the extent possible under sequestration comes at expense to our investment in future readiness. My written statement for this hearing details the programs at risk if sequestration continues in fiscal year 2014.

General AMOS. Upon finalization of the fiscal year 2015 President’s budget, we will review those programs most impacted by the SCMR decisions to determine the best approach to pursue in fiscal year 2014. When possible, savings will be reallocated to the higher priority U.S. Marine Corps programs that enhance near-term readiness. The incorporation of SCMR decisions into the fiscal year 2015 budget limits the Marine Corps’ ability to make substantial changes to our execution of the fiscal year 2014 budget.

General WELSH. SCMR findings were used to inform the fiscal year 2015 POM submission. Those results will be submitted with the budget in February 2014.

44. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, what tradeoffs will be necessary to ensure there is a balance between organic and commercial depot work?

General ODIERNO. The Army's Organic Industrial Base Strategic Plan establishes the framework needed to properly balance organic and commercial depot workload. The organic facilities will focus on the workload necessary to support core capabilities. The Army will also continue to pursue public-private partnerships, performance based logistics agreements and outsourcing for workload that is not required to support our core capabilities. This helps to balance the depot level workload between organic and commercial sources and to meet our 50/50 statutory requirements.

Admiral GREENERT. Regardless of force structure decisions that would occur as a result of continued sequestration, Navy will continue to balance depot work between the public and private sector in accordance with Title 10 U.S.C. section 2464 and section 2466 to maximize the readiness of the Fleet. Our aircraft carrier and submarine depot-level maintenance is nuclear-related and is conducted primarily in the four public sector naval shipyards, while most of the surface ship depot-level maintenance is conducted in the private sector. Each of these capabilities requires a highly skilled workforce that is trained and equipped for that specific type of work. Neither skill set is easily reconstituted if lost.

General AMOS. Federal law (10 U.S.C. section 2466) states that not more than 50 percent of the funds made available in a fiscal year for depot-level maintenance may be used for commercial depot work, and the Marine Corps continuously seeks to make optimal use of depot maintenance resources by using all available sources of repair within the limitations of the law. Between fiscal year 2005 and fiscal year 2012, the Marine Corps' public-sector depot expenses averaged 87.78 percent, and private-sector expenses averaged 12.22 percent. During those years, the low percentage of total workload executed in the private sector was attributed to the Marine Corps' need to leverage core organic depot capability to rapidly meet emerging requirements in Iraq and Afghanistan. This included application of significant survivability upgrades/modifications and design/build of systems to meet immediate acquisition demands. Examples include the HMMWV and 7-ton armor application/up-grade, Logistics Vehicle System and MRAP survivability upgrades, and design/build of mine rollers, egress trainers, and the Mobile Trauma Bay. As the Marine Corps transitions to a post-OCO environment and depot maintenance resources become increasingly constrained, we will continue to make optimal use of resources by selecting those sources of repair that meet our requirements and timelines, comply with depot source of repair decisions, and provide the best value for the government.

General WELSH. The Air Force will continue to manage public-private depot workload through its standing processes (i.e., the Depot Source of Repair Process (DSOR) for depot maintenance workload). The use of the DSOR process ensures a ready and controlled source of repair for workloads that sustain a core capability for the Air Force. In addition the DSOR process is used to ensure compliance with the 50/50 law. In the last 50/50 report to Congress the Air Force reported for fiscal year 2012 51.8 percent organic and 48.2 percent contract and projected compliance in fiscal year 2013 and fiscal year 2014.

45. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, do you assume that you will have to move away from installations given the severe reduction in funding, and if so, which ones did you plan for?

General ODIERNO. The Army has not planned to move away from any specific installations. The Army will make closure or realignment recommendations upon approval from Congress as part of a Base Realignment and Closure (BRAC) round.

As the Army's end strength and force structure decline alongside its funding, millions of dollars will be wasted maintaining underutilized buildings and infrastructure. In a very short period, trying to spread a smaller budget over the same number of installations and facilities will result in rapid decline in the overall condition of Army facilities. Without a future round of BRAC, the Army will be constrained in closing or realigning any installations to reduce overhead. This empty space tax on our warfighters will simply result in cuts to capabilities elsewhere in the budget.

A future BRAC is essential to identify and divest excess Army infrastructure as the Army reduces its force structure. BRAC also allows for a systematic review of existing DOD installations to ensure effective joint and multi-service component utilization. A BRAC round is necessary to identify inefficiencies and eliminate unused facilities, so that we do not divert scarce resources away from training, readiness, and family programs.

Admiral GREENERT. We do not plan to move away from installations. Our Navy functions best when our shore infrastructure is aligned with our force structure and laydown. If Congress authorizes a new BRAC round, the Navy will evaluate our ac-

tivities objectively by measuring military value, alignment with force structure, cost, and impact to the surrounding communities.

General AMOS. Our installations are the deployment platforms from which Marine expeditionary forces prepare to fight and win the Nation's battles. They provide MAGTFs ground and aerial training areas, ranges, airfields and logistics support to hone battle readiness. In addition, installations support our marines' families, to include security and quality of life programs.

Due to diminishing resources, our Installation Commanders make difficult choices on a daily basis in order to fulfill operational requirements; often at the expense of near-term facilities maintenance requirements. There is no plan to reduce the number of installations within the Marine Corps. Rather, our focus is to balance our limited resources across our 24 installations without jeopardizing operating force readiness, safety, or the well-being of our marines and their families. To date, we have been successful and intend to manage our resources based on a directed review of each installation's requirements.

General WELSH. The sequester will necessitate reductions that will make it difficult to keep force structure at all bases and maintain required readiness levels. However, estimating the exact number of base closures across the Air Force is premature without BRAC authority. We require BRAC legislation to allow the Air Force to complete a thorough analysis of infrastructure and excess capacity. Only with enactment of BRAC authority can the Air Force conduct a definitive BRAC analysis, authoritatively measure and compare force structure and infrastructure requirements, and determine excess capacity.

46. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, can each of you describe what capabilities your Service is offering as choices that will no longer be able to be provided for national defense as a result of sequestration?

General ODIERNO. Sequestration directly threatens the Army's capability to conduct a multi-phase, combined arms, joint campaign in a complex environment that includes a conventional opponent, irregular warfare, and counterinsurgency.

Right now the Army is well-trained in counterinsurgency operations. We want to continue to maintain that expertise, while also increasing proficiency for combined arms, joint capabilities for a multi-phase campaign for a major contingency operation. We were scheduled to begin this training in fiscal year 2013. Instead, the Army was forced to cancel most of this training in fiscal year 2013 because of the sequestration-related cuts to readiness. As a result, the Army now has a limited number of brigades that are capable of doing full spectrum operations.

Admiral GREENERT. Currently, the reductions in fleet training we are compelled to make result in only one non-deployed CSG and one non-deployed ARG trained and ready for surge operations, while some combatant commander plans notionally require three of each ready to deploy within about 2 weeks of a crisis occurring. Sequestration in fiscal year 2014, particularly if combined with restrictions of a CR, will continue to reduce our readiness in the near-term.

General AMOS. Sequestration is impacting U.S. Marine Corps modernization capabilities that are necessary to deal with future threats. These modernization reductions include Major Defense Acquisition Programs like the Amphibious Combat Vehicle (Initial Operating Capability (IOC) delayed by 3 years), the JLTV (IOC delayed by 1 year), the G/ATOR Block II (Ground Weapon Locating Radar—GWLR) (IOC delayed by 2 years), and the Marine Personnel Carrier (terminated). These reductions also include 95 of 112 smaller procurement programs, reducing critical maneuver capabilities, net-centric and interoperable capabilities, persistent ground surveillance capabilities, and command and control capabilities. All Marine Corps reductions in equipment modernization could have a significant negative impact on the defense industrial base, and will also negatively affect long-term readiness.

We are also planning and implementing reductions in end strength that will require the remaining marines to deploy more frequently and with less time on home station between deployments. We are reducing our already lean civilian labor by 10 percent, and we are reducing our Reserve Forces by over 1,000 Marine reservists. At the same time, we have been asked to provide additional marines security guards to reinforce embassies around the world, and we continue to support the rebalance to the Pacific. We meet these increasing steady state demands by accepting risk in major combat operations, eliminating one of our three Marine Expeditionary Force headquarters, reducing the number of tank companies and artillery batteries, and eliminating six infantry battalions.

General WELSH. The Air Force is not removing capabilities. To meet OSD fiscal guidance for the fiscal year 2015 POM, the Air Force is considering reducing force structure in areas such as single-mission platforms as well as retiring entire fleets

of aging and costly platforms that are less capable and less survivable in highly contested airspace. While the Air Force works to maintain its capabilities, it will decrease in size. This size reduction will increase risk due to reduced capacity.

READINESS CONCERNS

47. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, given the current trends in the readiness of your combat units, are you concerned about the emergence of a hollow force?

General ODIERNO. Yes, I am very concerned that the BCA's spending caps create the long-term conditions of a hollow force. I view a hollow force as one in which there is prolonged and disproportionate investment across manpower, O&M, modernization, and procurement without corresponding adjustments to strategy. Some examples of the potential impacts are as follows:

- Available personnel would be continually shifted from non-deployed to deploying forces in order to meet operational demands. This would exacerbate personnel shortfalls and place combatant commander operational plans at higher risk.
- Shortage of repair parts would drive cannibalization and reduced training events would significantly impact our ability to build readiness. This would have a compounding effect on the capability of our equipment and the effectiveness of Army units.
- Perhaps no other example is as important as soldier training. We would not be able to fully train our soldiers, whether through individual professional military education or collective unit training, in a way that would enable them to operate successfully in a joint, interagency environment across the range of military operations (from stability operations to decisive action). After the current fiscal year, the deficit in trained forces will place us in jeopardy of being unable to meet the requirements of our higher end war plans.

Admiral GREENERT. We will continue to deploy only forces that are fully trained and ready. The reductions in O&M funding imposed by current law allow us to train only those forces that are next up to deploy and compel us to reduce training and readiness of other non-deployed forces. This will result in only one non-deployed CSG and one ARG trained and ready for contingency response. Our covenant with the combatant commanders is to have at least two CSG and two ARG deployed and another three of each in or around the CONUS, ready to respond to a crisis.

This reduced capacity for contingency response will occur in fiscal year 2014 if we are subject to sequestration and also in the long term if we continue to be constrained to the BCA revised discretionary caps. With this reduction, our fully trained presence and surge forces would be sufficient to conduct only one large-scale operation, as defined today.

General AMOS. Yes. My concerns against a hollow force are not new. Earlier this year, under the precept that additional budgetary constraints were imminent, I directed my staff to conduct an internal study to identify the future Marine Corps force structure. Under my guidance, the redesigned force must meet the National Security Strategy requirements, at a high rate of readiness, within the confines of future budgetary constraints. Our study concluded that a Marine Corps of 175,000 would provide the operational requirements of steady state deployments, crisis response activities, and potential major combat operations while preserving institutional health and readiness. At 175,000 the Corps leverages its crisis response capability, which is crucial for the current and future threat environments through lighter, agile, forward-deployed forces. The force provides a balanced force of MAGTFs that range from the Special Purpose MAGTF to the Marine Expeditionary Force (MEF) levels. The 175,000 strong force supports and prioritizes the rebalance to the Pacific, includes the 1,000 Marine Corps Embassy Security Group, and supports Marine Corps Forces SOCOM and Marine Corps Forces Cyberspace Command.

Under sequestration, the Marine Corps will take risk in capacity and capability in order to preserve near term readiness—it's happening already. Our reduction to 175,000 by the end of fiscal year 2017 will allow the Marine Corps to maintain a high state of readiness while maintaining an end strength reduction glideslope that will allow us to keep faith with marines and their families that have been strained for the last decade. My priority will remain to provide a ready force. That is what the Nation expects of its Marine Corps. Continued sequestration budgetary cuts will cause us to adjust further in capacity and capability to maintain a ready force and ensure that we can respond when the Nation calls.

General WELSH. Hollowness is best described in terms of risk—risk to the survivability of the force and risk in our ability to effectively carry out the DSG. Under sequester, it has become exceedingly difficult for the Air Force to manage these risks. For the Air Force, a hollow force is one that appears good on paper, but has more units, equipment, and installations that it can effectively support; lacks the resources to adequately man, train, and maintain them; lacks sufficient logistical support to employ its forces effectively; and is not provided with enough capable equipment and weapons to perform assigned missions.

To avoid the emergence of a hollow force, one of the Air Force's main focuses for fiscal year 2014 will be on units that were stood down in 2013 and returning them at least to the same, albeit, previously low levels of readiness to prevent further erosion in their capabilities. However, if we do not receive sufficient funding in fiscal year 2014, the Air Force will again be forced to stand down units or fly them at a reduced training rate, similar to the actions we took in fiscal year 2013 while under sequester. If sequester remains in place for the entire fiscal year 2014, the Air Force will be forced to cut flying hours to the extent that most flying units will not be ready. Recovering Air Force readiness levels required to meet DSG requirements will take a combination of time, additional resources, and reductions in operational tempo.

48. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, how will sequestration affect your ability to train your forces for the full range of assigned missions?

General ODIERNO. Until we can adjust to sequestration funding levels, the Army will not be able to train all units for the full range of assigned missions. With the limited resources available for training after sequestration, only units with high-priority missions, such as the Global Response Force or Korea, are able to build readiness for decisive action across a broad range of military operations. Deploying units will continue to receive all resources required to train for their assigned missions. Other units will only receive sufficient resources to train at the lowest unit proficiency levels, generally squad or platoon. While our doctrine guides us to train for decisive action in support of unified land operations, most of our units are not receiving sufficient resources to support training to the battalion or brigade level of proficiency. This means that in order to deploy at the highest level of unit proficiency, those units would require additional time and resources for training before they would be ready for the full range of missions.

Admiral GREENERT. We will continue to deploy only forces that are fully trained and ready. The reductions in O&M funding imposed by current law allow us to train only those forces that are next up to deploy and compel us to reduce training and readiness of other non-deployed forces. This will result in only one non-deployed CSG and one ARG trained and ready for contingency response. Our covenant with the combatant commanders is to have at least two CSG and two ARG deployed and another three of each in or around the CONUS, ready to respond to a crisis.

This reduced capacity for contingency response will occur in fiscal year 2014 if we are subject to sequestration and also in the long term if we continue to be constrained to the BCA revised discretionary caps. With this reduction, our fully trained presence and surge forces would be sufficient to conduct only one large-scale operation, as defined today.

General AMOS. Pre-deployment training of OEF-bound units remains a top priority; this capability is resourced primarily through OCO funding. Post-OEF training priorities reflect where risk will and will not be accepted from reduced funding. Those priorities are:

- Transform civilians into marines
- Provide initial MOS, functional, and skill progression training
- Provide education to develop marines who are capable of commanding/leading at appropriate levels
- Develop, execute, and maintain a Service-level exercise program
- Provide the operating forces with unit training enablers
- Establish and maintain ranges
- Establish and maintain live, virtual, and constructive training capability
- Provide civilian training
- Provide other directed training and education

Anticipating funding challenges in fiscal year 2014, we identified trade-offs in training development and delivery. Those tradeoffs accept risk primarily in the area of home station training enablers. Ranges will be maintained to current standards, but modernization and investment will be limited, circumscribing the ability to meet emerging operational training requirements. Reductions in simulations and training

devices support are also anticipated, limiting access to relevant simulations, thereby impacting our units' ability to maintain proficiency. Reductions in flight hours and aviation depot throughput would adversely impact Marine Corps' aviation training and surge capability. An anticipated reduced availability of amphibious and maritime prepositioning shipping, for training and deployment, would also impact readiness.

General WELSH. One of the Air Force's main focuses for fiscal year 2014 will be on units that were stood down in 2013 and returning them back to operational levels of readiness to prevent further erosion in their capabilities. However, if we do not receive sufficient funding in fiscal year 2014, the Air Force will again be forced to stand down units or fly them at a reduced training rate, similar to the actions we took in fiscal year 2013 while under sequester. If sequester remains in place for the entire fiscal year 2014, the Air Force will be forced to cut flying hours to the extent that within 3 to 4 months, many flying units will not be able even to maintain already low levels of mission readiness. The Air Force will also be forced to cancel or significantly curtail major joint and combined training exercises yet again.

This sequester-induced readiness posture will degrade our ability to carry out OPLAN and Secretary of Defense-ordered missions, continue to degrade our depot maintenance and modernization programs, and will significantly erode our training and force development efforts, creating long-term readiness shortfalls. Overall, this readiness posture prevents us from attaining required mission ready status in fiscal year 2014, creates heightened risk, and will not meet the operational demands of the DSG. Recovering Air Force readiness levels required to meet the DSG will take a combination of time, additional resources, and reductions in operational tempo.

49. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, with the increases in threats around the world, how would a hollow force affect the risks to the lives of our military men and women?

General ODIERNO. We have not provided the collective training necessary to operate in the complex environments we face. We should never waiver from ensuring our men and women have the resources to train to the highest levels of readiness. In the end, this saves lives and guarantees success.

Admiral GREENERT. We will continue to deploy only forces that are fully trained and ready. The reductions in O&M funding imposed by current law allow us to train only those forces that are next up to deploy and compel us to reduce training and readiness of other nondeployed forces. This will result in only one nondeployed CSG and one ARG trained and ready for contingency response. Our covenant with the combatant commanders is to have at least two CSG and two ARG deployed and another three of each in or around the CONUS, ready to respond to a crisis.

This reduced capacity for contingency response will occur in fiscal year 2014 if we are subject to sequestration and also in the long-term if we continue to be constrained to the BCA revised discretionary caps. With this reduction, our fully trained presence and surge forces would be sufficient to conduct only one large-scale operation, as defined today.

General AMOS. The Marine Corps provides the Nation an ability to respond to today's crisis, with today's force, today. In order to provide that capability, I must ensure that our brave men and women wearing our uniform are trained and equipped to answer the call whenever it may come. A hollow force limits those marines forward deployed and those forces trained and ready to respond when contingencies arise.

Under sustained sequestration for forces not deploying to Afghanistan, the fuel, ammunition, and other support necessary for training will be reduced precluding our ability to provide fully-trained individuals and ready units to meet emerging crises—ultimately impacting even Amphibious Ready Groups and Marine Expeditionary Units. Within a year, we will see real impact to all home station units and the beginning of impacts to our next-to-deploy and some deployed forces, the beginnings of a hollow force we have fought so hard to avoid.

Sacrificing training and readiness is not the right answer to our budgetary shortfalls. History shows us that we will be challenged again. When that happens, we cannot change the status of our forces at that time. We have what we have. And the Marine Corps will respond as it always has. The reality is that we would have fewer forces arriving less-trained and arriving later to the fight. This would delay the buildup of combat power, allow the enemy more time to build its defenses, and likely prolong combat operations. This is a formula for more American casualties. We only need to look to 1950 and the onset of the Korean War to see the hazard and the fallacy in this approach.

General WELSH. As we are forced to cut back on modernization and readiness, risk to our military men and women, as well as the risk to our Nation, will only

increase. Since the Korean War, we have provided unprecedented control over the skies above our soldiers, sailors, marines, and airmen, enabling them to accomplish their missions free from enemy air attack. One only has to look at recent conflicts in Iraq and Afghanistan to understand the extraordinary advantages airpower brings to our joint force. However, as our readiness and modernization budgets decrease, not only will the risk to our airmen increase as they conduct their missions, but the risk to every soldier, sailor, and marine we protect will also increase. In addition, our ability to strike the required targets, maintain battlespace awareness, rapidly move our Nation's resources where needed, and exercise precise command and control over all these missions, will be degraded.

50. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, can your Service execute all of the combatant commanders' operation plans, given current and projected readiness levels of your forces—personnel, equipment, and training?

General ODIERNO. The magnitude and speed of the budget, combined with ongoing war operations, restrict the ability of the Army to manage the transition and risks creating a hollow force. Therefore, over the next 3 to 4 years, there will be significant impacts on manning, equipping, sustaining, training, and installations. We will be forced to implement a severely tiered readiness strategy in which only 20 percent of the operational force will be trained to the highest level. This will continue until we can reduce the size of the force to bring into balance readiness, modernization, and endstrength. But, the size of the Army could be too small to appropriately respond to a sustained major contingency.

Admiral GREENERT. The BCA reduced discretionary caps over the long term will preclude our ability to execute all the missions required by the 2012 DSG. We will maintain a credible and modern sea-based strategic deterrent, maximize forward presence to the extent possible using ready deployed forces, and continue investing in asymmetric capabilities while doing our best to sustain a relevant industrial base.

There are several missions and needed capabilities specified in the DSG that we cannot perform or keep pace with potential adversaries. These will preclude us from meeting the operational plan requirements as currently written and defined by our combatant commanders with acceptable risk. The reductions in force structure will limit our ability to meet the presence requirements of the DSG, resulting in a Navy less able to reinforce deterrence, build alliances and partnerships, and influence events abroad.

General AMOS. Combatant commanders report shortfalls in many of their major contingency plans that may require modification of objectives and/or timelines should we actually have to execute those plans. Sequestration exacerbates these shortfalls.

General WELSH. While under the BCA, Air Force readiness is now—and is projected to remain—below what is required to provide ready forces to meet the DSG. The Air Force can currently execute any individual combatant commanders' operational plan; however, we face some capability gaps and challenges in certain plans. If we do not receive sufficient funding in fiscal year 2014, we may have to rotationally stand down units or fly them at a reduced rate, similar to the actions taken in fiscal year 2013. This sequester-induced readiness posture will impact our ability to fill OPLAN and Secretary of Defense-ordered missions, continue to degrade our depot maintenance and modernization programs, and will significantly erode our training and force development efforts. Our force structure does not have excess capacity to facilitate rotational readiness and our OPLAN requirements do not provide the time for the Air Force to recover from this readiness posture. In the short-term, we will continue to make resource-informed evaluations of our plans and modify them as necessary in order to meet the objectives.

51. Senator INHOFE. General Odierno and General Amos, the Army and the Marine Corps were forced to forgo critical OCO funding for fiscal year 2013 reset. This, coupled with reductions related to fiscal year 2013 sequestration, has seriously eroded readiness. Given that nothing has been done to address sequestration, what do you see as the long-term impact of sequestration on readiness?

General ODIERNO. The short-term fiscal impacts of sequestration combined with the lingering funding shortfalls to OCO are forcing the Army to reduce funding, across all areas: readiness, personnel, modernization, and training. The Army, in the near- to mid-term, would then be challenged to provide the full spectrum of associated capabilities of strategic land power to combatant commanders as part of a crisis contingency force.

These short-term decisions will over the long-term impact Army capabilities that are necessary and enduring components of strategic land power within the Joint Team. For example, as Army rotary wing aircraft—which provide critical tactical and operational maneuver and humanitarian relief—continue to age without programmed modernization or replacements (50 percent of aviation fleets have exceeded the 20-year programmed life), future combatant commanders will be left with limited military options.

Additionally, leader development is negatively impacted and affects the long-term health of a professional force. For example, from 2004 to 2011, nearly 5,500 company commanders and over 3,500 field grade officers missed the professional and leader developmental opportunities associated with combined arms maneuver training, focusing instead on stability and support operations in a counterinsurgency environment. The cancellation of combat training center (CTC) rotations in fiscal years 2013 to 2014 will widen this professional knowledge and experience gap and take years to overcome.

General AMOS. Sustained sequestration would mean an extended period of severely reduced funding bound by rules that provide little flexibility to efficiently apply mandated reductions. The Marine Corps would realign funds from long-term investment activities to protect the short-term readiness of deployed and next-to-deploy units. Maintaining near-term readiness and operational commitments would be achieved at the expense of investment in modernization, infrastructure, and quality-of-life accounts. These reduced investments would accelerate the rate of infrastructure degradation and increase the long-term costs to return facilities to acceptable levels. Decreased funding for equipment modernization would put at risk the ability to effectively respond to tomorrow's threats.

MAJOR CONTINGENCY OPERATIONS

52. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, in your opinion, does the sad reality that the U.S. military may no longer be able to support even one major contingency operation diminish our ability to deter war?

General ODIERNO. Military superiority rests on the strength and readiness of its ground, air, and sea components. When we become out of balance, it impacts our ability to deter and compel our adversaries.

They will weigh the potential costs and consequences of their planned actions and behaviors against the perceived ability and will of the United States to protect U.S. national interests. My concern is that by reducing the capacity and capability of the Army, the United States invites miscalculations by future adversaries, making military conflict more likely.

Admiral GREENERT. Under sustained reduced BCA-level funding, one potential scenario would result in a 2020 Fleet that would not be able to conduct one large-scale operation and also counter aggression by an opportunistic aggressor in a second theater, as required by the 2012 DSG. Our presence and surge forces would be sufficient to conduct all missions associated with only one large-scale operation, as defined today. Our inability to meet this mission requirement will diminish our ability to deter aggression.

General AMOS. The Marine Corps is currently capable of supporting a single major contingency operation. To satisfy the requirements of the DSG, we need a Marine Corps of 186,800 Active Duty marines to participate in steady state operations, fight a major war, and deter regional aggression. Under sequestration, an Active-Duty Force of 174,000 is all we can afford in 2017. This force would remain capable of meeting steady state requirements and would be able to participate in one major contingency operation, albeit with significant strain on the force and increased risk to mission accomplishment. The Marine Corps will always stand ready to answer the call of the Nation; however, an Active-Duty Force of less than 174,000 marines would greatly diminish our ability to deter and defeat aggression in the future.

General WELSH. A reduction in our overall warfighting capability diminishes our ability to deter war, and any reduction in our ability to deter war increases the risk not only for our Homeland, but our national security interests abroad. We are at increased risk in numerous regions around the globe today, but are capable of sustaining our deterrence force for the foreseeable future. However, we cannot simultaneously and fully execute all 10 DSG missions. If sequestration were to continue, the Air Force's ability to execute multiple missions listed in the DSG will continue to erode.

53. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, would you agree that that means the military's ability to protect U.S. national interests and citizens abroad are significantly degraded?

General ODIERNO. I agree that budget shortfalls, budget uncertainty, and sequestration directly threaten the Army's capability to conduct multi-phase, combined arms, joint campaign in a complex environment that includes a conventional opponent, irregular warfare, and counterinsurgency.

Right now the Army is well-trained in counterinsurgency operations. We want to continue to maintain that expertise, while also increasing proficiency for combined arms, joint capabilities for a multi-phase campaign for a major contingency operation. We were scheduled to begin training for that in fiscal year 2013. Instead, the Army was forced to cancel most of this training in fiscal year 2013 because of the sequestration-related cuts to readiness. As a result, the Army now has a limited number of brigades that are capable of doing full spectrum operations, since we are reducing the capability and capacity of the Army and depending on the contingency that would impact our ability to protect and interests.

Admiral GREENERT. The BCA reduced discretionary caps over the long-term will preclude our ability to execute all the missions required by the 2012 DSG. We will maintain a credible and modern sea-based strategic deterrent, maximize forward presence to the extent possible using ready deployed forces, and continue investing in asymmetric capabilities while doing our best to sustain a relevant industrial base.

There are several missions and needed capabilities specified in the DSG that we cannot perform or keep pace with potential adversaries. These will preclude us from meeting the operational plan requirements as currently written and defined by our combatant commanders with acceptable risk. The reductions in force structure will limit our ability to meet the presence requirements of the DSG, resulting in a Navy less able to reinforce deterrence, build alliances and partnerships, and influence events abroad.

General AMOS. The priority for the Marine Corps remains forward presence and the ability to respond rapidly to any crisis threatening U.S. national interests and citizens abroad. An Active component Marine Corps of 186,800 is required to achieve the objectives of the 2010 National Security Strategy and the 2012 DSG. Any decrease in the Active component of the Marine Corps therefor will result in a commensurate increase in risk to both U.S. national interests and citizens abroad.

General WELSH. The U.S. Air Force is the best in the world and is a vital piece of the best military in the world. This will not change even if sequester persists. When we are called, we will answer, and we will win. But the likelihood of conflict may increase as potential adversaries sense weakness and vulnerability. Any reduction in our ability to conduct contingency operations and deter wars reduces our ability to protect our citizens abroad and defend our national interests. A smaller, less capable and less ready force will certainly increase the risk to our national security interests at home and abroad.

MODERNIZATION PROGRAM FUNDING LEVELS

54. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, to what extent does the lack of prior-year funding impact your ability to address the impacts of sequester on your procurement programs in fiscal year 2014?

General ODIERNO. Despite the potential increase in sequestration impacts to procurement programs, the Army has \$3.1 billion less in prior year funding to leverage in fiscal year 2014. In fiscal year 2013, there was \$11.5 billion of prior year funding available to address the fiscal year 2013 sequestration reductions to procurement programs. In fiscal year 2014, there is only \$8.4 billion of prior year funding to address the potential fiscal year 2014 sequestration reductions to procurement programs. The Army will leverage the reduced amount of prior year funding with fiscal year 2014 procurement funding. This lower amount reduces the Army's buying power for critical weapon systems and reduces the Army's flexibility to address sequestration impacts. In fiscal year 2013, the Army used prior year funds to mitigate many of the impacts that would otherwise have come to fruition by offsetting sequestration reductions with unobligated funds. As prior year funds become increasingly scarce, the grim reality is that no weapon system or modernization program will go untouched by sequestration reductions in 2014. For some programs that have already seen reductions, continued sequestration could terminate key warfighting capabilities.

Admiral GREENERT. The effects of the fiscal year 2013 sequester were barely manageable because we received authorization to reprogram funds into appropriate maintenance accounts, and we were able to use prior-year investment balances to mitigate reductions to investment programs.

If sequestration continues into fiscal year 2014, we will not be able to use prior-year funds to mitigate shortfalls in procurement accounts as we did in fiscal year 2013. Without congressional action or mitigating circumstances, the reductions imposed by sequestration and the limitations of a CR will compel us to:

- Cancel planned fiscal year 2014 procurement of an SSN, an LCS, and an AFSB; also, delay an SSN planned for fiscal year 2015 procurement. Each of these would further worsen the reduction in fleet size that the BCA would compel us to make over the long term.
- Delay the planned start of construction on the first SSBN(X) from fiscal year 2021 to fiscal year 2022. This would cause us to be unable to meet U.S. Strategic Command presence requirements when the *Ohio*-class SSBN retires.
- Cancel procurement of 11 tactical aircraft (4 EA-18G Growler, 1 F-35C Lightning II, 1 E-2D Advanced Hawkeye, 2 P-8A Poseidon, and 3 MH-60 Seahawk) and about 400 weapons, exacerbating future BCA-driven reductions in our capabilities to project power despite A2/AD threats.
- Delay delivery of USS *Gerald R. Ford* (CVN-78) by 2 years, extending the period of 10 CVN in service, and lowering surge capacity.
- Delay the mid-life overhaul of USS *George Washington* (CVN 73) scheduled for fiscal year 2016, disrupting today's heel-to-toe CVN overhaul schedule and reducing near-term CVN capacity.

General AMOS. If there is a mechanical sequester on fiscal year 2014 funding, the impact will be greater if the Department is not provided the flexibility to distribute or to utilize prior-year unobligated funding. A mechanical distribution at the line item level does not allow for informed decisions of targeting budgetary reductions.

If sequestration continues into fiscal year 2014, the Marine Corps would have to continue to assess every program. Sequestration will cause interruptions during program acquisition that increases the total program cost, as schedules slip and delays result in longer contracts, loss of efficiencies, negative impacts on development and production schedules, program restructures, and could potentially cause Nunn-McCurdy breaches. In procurement, existing contracts may have to be renegotiated which will prevent the Marine Corps from receiving Economic Order Quantity pricing.

The Marine Corps will also have to sustain legacy systems longer than planned, which will ultimately drive up current operation and support costs. We will have to shift our attention to developing and replacing obsolescent parts for legacy systems that are no longer available in the market place, which will shift the workforce to a focus of reengineering old and inefficient technology (e.g. sustaining five legacy radar systems will cost more than employing one new G/ATOR). Finally, technologies designed to improve efficiencies (fuel, lightweight armor, etc.) will have to be postponed, preventing the Marine Corps from reaping planned savings while simultaneously driving up costs due to the use of older, more expensive technologies.

General WELSH. In fiscal year 2013, the Air Force used \$1.5 billion in unobligated prior year funds that were not available in fiscal year 2014. Sequestration cuts deeply into fiscal year 2014 Air Force investment accounts, which under the law must be applied equally at the program, project, and activity level; consequently, it impacts every one of the Air Force's acquisition programs. For example, a potential fiscal year 2014 sequestration impact for the F-35A low rate initial production, relative to the request, could be the loss of 4 to 5 aircraft from the requested amount of 19. This potential reduction will increase unit costs resulting in production funding shortfalls.

The deep cuts brought on by sequestration-level funding will force the Air Force to make profound cuts to readiness and major defense acquisition programs funded out of investment accounts to achieve the targeted reduction amounts in the first few years of the fiscal year defense plan. When forced to make tough decisions, we will favor new capabilities over upgrades to our legacy forces and our top three acquisition priorities remain the KC-46, the F-35, and the LRS-B.

The Air Force would like to be granted the ability to move funds to mitigate, to the maximum extent possible, devastation to the highest priority programs. However, even with flexibility, the Air Force may not eliminate all risks associated with meeting the combatant commander requirements.

55. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, will the lack of prior-year funds force you to cancel or renegotiate procurement programs?

General ODIERNO. The lack of prior year funding significantly reduces the Army's flexibility and increases risk. In fiscal year 2013, the Army was able to mitigate many of the impacts on a number of programs by offsetting sequestration reductions with prior year unobligated funds. As prior year funds become increasingly scarce, all weapon system programs will be affected in some way by sequestration reductions in 2014. This confluence of factors will cause more severe impacts in fiscal year 2014 than in the prior year and will necessitate many modifications to contracts across the Army.

Admiral GREENERT. If sequestration continues into fiscal year 2014, the lack of prior-year funds will create more significant impacts to our procurement programs than in fiscal year 2013. Without congressional action or mitigating circumstances, the reductions imposed by sequestration and the limitations of a CR will compel us to:

- Cancel planned fiscal year 2014 procurement of an SSN, an LCS, and an AFSB; also, delay an SSN planned for fiscal year 2015 procurement. Each of these would further worsen the reduction in fleet size that the BCA would compel us to make over the long-term.
- Delay the planned start of construction on the first SSBN(X) from fiscal year 2021 to fiscal year 2022. This would cause us to be unable to meet U.S. Strategic Command presence requirements when the *Ohio*-class SSBN retires.
- Cancel procurement of 11 tactical aircraft (4 EA-18G Growler, 1 F-35C Lightning II, 1 E-2D Advanced Hawkeye, 2 P-8A Poseidon, and 3 MH-60 Seahawk) and about 400 weapons, exacerbating future BCA-driven reductions in our capabilities to project power despite A2/AD threats.
- Delay delivery of USS *Gerald R. Ford* (CVN-78) by 2 years, extending the period of 10 CVN in service, and lowering surge capacity.
- Delay the mid-life overhaul of USS *George Washington* (CVN 73) scheduled for fiscal year 2016, disrupting today's heel-to-toe CVN overhaul schedule and reducing near-term CVN capacity.

In order to avoid or remedy some of the fiscal year 2014 impacts described above, we need Congress to approve authorization and appropriations bills. This would enable the Navy to transfer funds, pursue innovative acquisition approaches, start new projects, increase production quantities, and complete ships.

General AMOS. There is no direct negative impact on current procurement programs resulting from less funding being available in prior-years. The Marine Corps was able to mitigate impacts from sequestration in fiscal year 2013. Unobligated balances were available due to a reduction in requirements resulting from the Operation Enduring Freedom drawdown, contracting efficiencies, and acquisition strategy changes to promote competition.

General WELSH. The lack of prior-year funds to reduce fiscal year 2014 sequester bills may require the Air Force to negotiate a reduction in the required number of items, or level of service that affects the current year acquisition. Multi-year (MY) procurements generally assume some constant level of production or service; if fiscal year 2014 sequestration causes a reduction of product or service requirements, it will likely result in the following: increased unit prices, a requirement to pay for subcontracted items delivered early to need per the MY agreement, and could even result in a breach of contract entirely if the requirements fall below a minimum commitment in the MY agreement.

HOLLOW PLANS

56. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, do we have hollow plans today, even before we have felt the full effects of sequestration?

General ODIERNO. Previously, there were some risks with the execution of Army plans. However, sequestration has exponentially increased those risks. Recent reviews and assessments of the Army's most resource intensive plans have aided in current posture decisions and positioning in the Asia-Pacific region. The Center for Army Analysis' "Hollow Army" study found that the increased interval for achieving readiness and the possibility of employing forces at readiness levels below optimum will yield dramatic increases in attrition and casualties for U.S. forces placing U.S. lives and mission accomplishment at risk. Under sequestration, the required force

structure of Army operational plans would lose critical training resources that would otherwise prevent these lags, exacerbating the hollow plan phenomena.

Admiral GREENERT. As a force provider, Navy's responsibility is to provide properly manned, trained, and equipped forces to execute the combatant commanders' plans. We are challenged to do so within current planning timelines under a sequestered budget. With continuation of the fiscal constraints under current law, Navy will not be able to execute the full requirements of the DSG in 2020 and our presence and surge forces would be sufficient to conduct one large-scale operation, as defined today. However, any future budget scenario must include sufficient readiness, capability, and manpower to complement the force structure of ships and aircraft. Failure to do so increases risk to current operations and future contingencies.

General AMOS. Combatant commanders report shortfalls in many of their major contingency plans that may require modification of objectives and/or timelines should we actually have to execute those plans. Sequestration exacerbates these shortfalls.

General WELSH. Our current plans are not hollow, but executable based on achieving DOD defined end states. As we look forward to future fiscal year budgets and constraints, we will have to make smart, resource-informed modifications to these plans in order to keep them viable.

The Air Force has been able to meet all Secretary of Defense ordered missions remaining in fiscal year 2013 by maintaining combat ready status for only select units. However, sequester jeopardizes our ability to surge additional forces to meet contingency and emergent combatant commander requirements. Based on our Global Vigilance, the sequester-induced rotational readiness we are currently experiencing has placed us beyond the red-line, or tipping point, in terms of risk. This risk will, however, only be evident outside of DOD in the event of a crisis requiring rapid and robust response.

57. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, in your opinion, are our potential adversaries getting weaker or stronger?

General ODIERNO. We expect to encounter a wide spectrum of possible threats under conditions of uncertainty and chaos and thus cannot make blanket statements about all potential adversaries. What worries us is that over the last year a number of dangerous trends have deteriorated to the point that they are now threatening stability across entire regions. Throughout the Middle East and Africa, the Arab Spring transition has led to instability and violence, providing arms and increasing the operating space for terrorists. Political instability in Syria degenerated into a civil and sectarian war. Iranian meddling in Syria has torn open a Sunni-Shia fissure across the Middle East drawing regional and distant countries into the conflict. China escalated its pressure on neighboring states over territorial issues and hardened its diplomatic position resulting in increased anxiety among United States friends and allies in the region and an emerging Asian arms race. The security environment in Syria, Iran, Pakistan, and North Korea has become increasingly uncertain and highlights concerns over the use, proliferation, and controls on weapons of mass destruction. While these crises have worsened, the defense budgets of our NATO allies are declining, which will likely affect their contribution and capabilities in future coalition operations.

Admiral GREENERT. The United States will continue to face a wide range of conventional and asymmetric threats from state and non-state actors. These threats are becoming more diverse and wide-spread through the proliferation of military and dual use technologies by legitimate and illicit means. In particular, our primary strategic competitors are improving their military capabilities through military modernization programs geared towards their individual strategic goals.

General AMOS. In general, our key adversaries are growing stronger.

- China is growing stronger both militarily and technologically and continues to expand its ability to project power and influence regionally across multiple domains. China is increasingly assertive in the South China Sea and continue to expand their influence in the greater Pacific region.
- Iran is gaining more freedom of movement and enhancing its lethality and capability to threaten our interests but is still hampered by a weak economy, exacerbated by sanctions. Iran stands to gain influence in Afghanistan as the coalition presence is reduced.
- Russia is working hard to re-establish and grow its military capability and is becoming more assertive despite economic and demographic challenges that will impede its ability to do so.
- Radical Islamic Militants are stronger globally and are morphing and expanding. Individual groups are not necessarily stronger but their

interconnectivity and ability to adapt to meet conventional force capabilities makes them increasingly lethal. Al Qaeda is gaining strength in Syria, and holding its own in Iraq, Yemen, and Africa despite increased security force capabilities and efforts.

- Transnational criminal groups are increasingly active and linked to cyber criminals and extremist groups, affording both access to capabilities they wouldn't otherwise have.

General WELSH. Our potential adversaries are getting stronger. China's surge in defense spending is reflected in a military modernization program that places a strong emphasis on regional power projection by way of ballistic missiles, air power, and a growing navy. A resurgent Russia has laid out ambitious plans to trim its military to a lean fighting force armed with the latest technologies from a reinvigorated defense sector. Despite its ongoing civil war, Syria has continued to receive and integrate advanced Russian weapons to complement its vast inventory of legacy systems. Iran has also acquired new military equipment from Russia, and is putting significant resources towards developing its domestic defense industries, including ballistic missiles and a potential nuclear capability. Even a relatively stagnant country such as North Korea has shown signs of modernization, showcasing new, never-before-seen systems at military parades and testing advanced missile systems and nuclear weapons. Meanwhile, the rest of the world is finding advanced military and dual-use technology more accessible than ever, and cyber warfare offers countries, non-state groups and even individuals the ability to strike at our information infrastructure with little risk of retaliation. As a result, even those future adversaries we have not yet identified will be better equipped and better prepared to challenge us in the years to come.

58. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, if plans are being revised to account for decreased funding, as opposed to the estimates of an adversary's capabilities, are we increasing the risk of lives and missions?

General ODIERNO. There are numerous global crises with potential challenges and adversaries. The Army expects to face a broad spectrum of challenges from Humanitarian Assistance and Disaster Response to irregular combatants to full conventional operations. The Army remains committed to our endstates and strategy. Revised operational plans incorporating reduced funding will increase the interval for achieving readiness for follow-on forces creating expanded timelines for mission accomplishment. The Center for Army Analysis' "Hollow Army" study found that an increased interval for achieving readiness and the possibility of employing forces at below-optimum readiness levels will result in more casualties and potentially put the mission at risk. Finally, decreasing force structure to include substituting long-range fires capabilities for maneuver units will leave critical vulnerabilities in the operational plans' execution, particularly with respect to counterproliferation of weapons of mass destruction, which could lead to increased threats to the United States in the long-term.

Admiral GREENERT. As a force provider, Navy's responsibility is to provide properly manned, trained, and equipped forces to execute the combatant commanders' plans. We are challenged to do so within current planning timelines under a sequestered budget. With continuation of the fiscal constraints under current law, Navy will not be able to execute the full requirements of the DSG in 2020. However, any future budget scenario must include sufficient readiness, capability, and manpower to complement the force structure of ships and aircraft. Failure to do so increases risk to current operations and future contingencies.

General AMOS. Ideally, war planning should be predicated against our enemies' capabilities. There is almost always tension between what a commander assesses is needed to accomplish the mission and what is available. I have stated that DOD must do its part in helping reduce the Nation's budget woes, and I have pledged to give you the best Marine Corps the Nation can afford. But sequestration is a damaging way to do this.

Combatant commanders report shortfalls in many of their major contingency plans that may require modification of objectives and/or timelines should we actually have to execute those plans. Sequestration exacerbates these shortfalls, thereby increasing risk to mission and American lives.

General WELSH. Plans must always be adjusted to account for both available resources and the adversary's capabilities. The revised plans will balance the risk to life and mission. With reduced resources available, conflicts may take longer and result in larger losses, than if more resources were available.

59. Senator INHOFF. General Odierno, Admiral Greenert, General Amos, and General Welsh, are you comfortable with defense strategy based on budgets, as opposed to providing the means for adequate levels of national security?

General ODIERNO. I am concerned with some of the assumptions that were made in the SCMR when determining the resources needed to meet the defense strategy. I have offered my best military advice, cautioning against best case and somewhat dangerous assumptions. I am not comfortable assuming that we can quickly rebuild a larger force, that a conflict will last just 6 months, that little to no casualties will be sustained, or that no follow-up stability operations will be necessary. Similarly we should not assume that U.S. forces deployed elsewhere will be able to complete their task at hand, disengage and redeploy to support a major regional contingency. Further, an adversary's use of weapons of mass destruction was not considered during the SCMR process. In the end, the weight of those assumptions will be on our soldiers, our young men and women asked to do a mission that they simply will not have the capability and capacity to accomplish.

Admiral GREENERT. We understand the pressing need for the Nation to get its fiscal house in order. DOD should do its part, but it is imperative we do so in a coherent and thoughtful manner to ensure appropriate readiness, warfighting capability, and forward presence—the attributes we depend upon from our Navy. Specifically, we need to be able to establish and pursue a deliberate plan for future force development. Regardless of the level of funding we receive, having a predictable budget and associated authorities will enable us to develop and execute an achievable strategy. This strategy would guide our efforts to sustain the appropriate readiness in today's Navy while building a future fleet that is able to deliver the most important presence and capabilities and address the most important warfighting scenarios.

General AMOS. The President's DSG is the defense strategy for the Nation; it identifies our strategic interests and guides defense priorities over the coming decade. As a Service Chief and member of the Joint Chiefs of Staff, it is part of my responsibility to realign funds within my authority to maintain the near-term readiness of our forward-deployed forces while continuing to invest in infrastructure sustainment and modernization requirements necessary to succeed in future conflicts. Under the 2011 BCA and the subsequent commencement of sequestration, I am not able to do all these adequately. The available resources cannot meet all of our defense requirements, and we face an increased level of risk to American forces if they are called upon to fight in a major combat operation.

General WELSH. If we accept that our defense strategy is devised and implemented within the bounds of constrained resources, in the budgetary environment we find ourselves in now, the strategy represents the “ends” for national security. It follows then that the Total Obligation Authority provided to the Air Force represents the “means.” How we specifically spend those “means” represents the “ways” in which we seek to maintain the capability and capacity to provide ready forces to win today and tomorrow's fight, as called upon by our Nation. As such, an effective strategy must be informed by predictable levels of resourcing to connect “means” to “ways,” and ultimately to the national security “ends.”

MORALE AND RESOURCES

60. Senator INHOFF. General Odierno, Admiral Greenert, General Amos, and General Welsh, how worried are you about the morale of your personnel as a result of 4 years of budget cuts?

General ODIERNO. I am personally concerned with anything that may affect our Army's ability to fight and win on the battlefield. And continued budget cuts certainly have the potential to cripple morale if soldiers believe they are not being supported in a manner that allows them to do training to do what they came in the Army to do. However, despite budget reductions, and reductions in training readiness and equipment readiness, overall soldier morale has remained relatively stable for over a decade. We realize that this constrained budget is creating a lot of angst, especially when we begin talking about changes and reductions in benefits. Nevertheless, soldiers understand that the Army must be manned, trained, and equipped. Despite the uncertain future, soldiers are doing exactly what we ask them to do. They are training as hard as they can with the money we give them. When they deploy, they accomplish the mission to the best of their ability.

Admiral GREENERT. The morale of the force is something that I take seriously. I am concerned about how budget cuts will affect both the Quality of Life of Sailors and their Quality of Work. We have thus far protected our Quality of Life programs to the extent possible (pay and allowances continue to be exempted). However, Quality of Work has been impacted. The material conditions in warehouses, barracks,

hangar bays, piers, etc. have had to be mortgaged to pay these bills. Supply part availability and depth of repairable inventories are suffering under sequestration. All of these things impact quality of work—our sailors understand why we have to make these choices, but they do lead to frustration on the part of our personnel, which will ultimately impact morale.

General AMOS. The Marine Corps is extremely concerned about the impact of the budget on the morale of not only marines, but their families and our civilian personnel. It is vital to keeping faith with our marines, their families, and our civilian marines. However, marines and their families are resilient and morale remains high.

The Marine Corps is currently prioritizing support services for marines returning from Afghanistan and transitioning out of the Marine Corps and limit direct services impacts to marines and their families. However, continual cuts will start to impact these direct services, which will result in an impact on morale. Marines and their families are no different than their fellow citizens. With prolonged budgetary uncertainty and cuts, employee stress will increase, morale will decline, and at some point productivity will begin to suffer.

We will need to be fiscally responsible during this challenging budget environment and continue to critically assess the needs of our marines and family members and prioritize available resources. While the Marine Corps has always been frugal money managers, going forward we are seeing greater innovation and more creative partnerships and leverage of supporting organizations at the State and Federal level. The Marine Corps continues assess our programs and make fiscal adjustments as necessary. If reductions ensue, the results can be reduction in hours of operation, longer wait time for services, and modifications to programs such as in family care, family readiness, and behavioral health programs, all of which can result in an impact in morale.

General WELSH. I remain worried about the impact of budget cuts upon morale across the Air Force. No personnel program or Airman and Family Support program has gone untouched. Furlough, pay, and hiring freezes have created pay concerns for our civilian airmen. Sequestration's combined effects have impacted military personnel readiness training, airmen support programs, and increased airmen's workload, all of which negatively impact morale.

61. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, is there a point where the demands on our military will overwhelm the resources provided to them, resulting in a broken force?

General ODIERNO. The answer depends on exactly what the Army is asked to do. Based on our current projected fiscal year 2015 end strength of 490,000, the Army could successfully implement the 2012 DSG. However, the end result of sequestration-related cuts to readiness is that the Army will arrive later to the fight with fewer and less-trained trained forces. Additionally, the Army will lack the capacity to replace units that face combat attrition or rotate units out of longer duration conflicts. This will delay the buildup of combat power, allow the enemy more time to build its defenses, and, likely, prolong combat operations altogether. This is a formula for more American casualties.

Admiral GREENERT. There is, of course, a point at which that would be true of any military force. As a force provider, Navy's responsibility is to provide properly manned, trained, and equipped forces to execute the combatant commanders' plans. We are challenged to do so within current planning timelines under a sequestered budget. With continuation of the fiscal constraints under current law, Navy will not be able to execute the full requirements of the DSG in 2020. Specifically, our presence and surge forces would be sufficient to conduct only one large-scale operation, as defined today.

Any scenario to address the fiscal constraints under current law must include sufficient readiness, capability, and manpower to complement the force structure capacity of ships and aircraft. This balance would need to be maintained to ensure each unit will be effective, even if the overall fleet is not able to execute the DSG. There are, however, many ways to balance between force structure, readiness, capability, and manpower. Additionally, any future budget scenario must include sufficient funding to balance readiness, capability, and manpower with our force structure of ships and aircraft. Failure to do so increases risk to current operations and our ability to sustainably support future operations.

General AMOS. The Marine Corps is continually prioritizing support services for marines returning from Afghanistan and transitioning out of the Marine Corps. We will continue to look for opportunities that will allow us to leverage our resources, as well as resources from supporting organizations at the State, Federal, and local levels, to minimize any direct impact to services for our marines and families.

The Marine Corps has diligently looked to the future and anticipated sequestration cuts in programs, such as the Marine and Family Programs. In order to absorb these cuts in the immediate future we have decided to focus reductions at headquarter levels rather than cuts to the programs directly. However, continual cuts and furloughs will impact these direct services, which will result in an impact on morale. Marines and their families are no different than their fellow citizens. With prolonged budgetary uncertainty and cuts, stress will increase on our marines and civilian marines, morale will decline, and productivity will suffer. To mitigate any impact on morale, the Marine Corps is being frugal money managers, going forward we are seeing greater innovation and more creative partnerships and leverage of supporting organizations at the State and Federal level. The Marine Corps will continue to assess our programs and make fiscal adjustments when it is called upon us to find more savings.

General WELSH. Current demands on the Air Force are overwhelming our resources, which drives a continual downward trend in readiness. Continued sequestration-level funding will force difficult choices between readiness and modernization.

62. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, in your opinion, are we breaking the sacred vow we have with a volunteer force to provide them with the adequate resources and training needed to safely prevail on the battlefield?

General ODIERNO. The Army trains to ensure that deploying soldiers and units are combat-ready to prevail on the battlefield. Reduced funding limits training and delays our ability to deploy forces. The Army is prioritizing resources to ensure that the forces with the highest priority missions have adequate resources and training. Until the Army can adjust to lower total obligation authority and transition to a fully-supportable force structure, we can only ensure a portion of the force is adequately trained to respond on time to support planned contingency operations. Other forces will prepare as best they can with available resources. In order to deploy at the highest level of unit proficiency, those units will require additional time and resources for training before they are ready for the full range of missions.

Admiral GREENERT. No, we have not broken our vow with our sailors. We have purposely targeted our reductions to areas that do not have direct impact on our sailors or their ability to prevail in any conflict. Cuts to our programs have been in our shore establishment, management, and business operations in our systems commands/procurement processes, non-deployed force training and sustainment—we have ensured combat readiness of our forward deployed forces were protected as our first priority. While this has been an effective approach so far, we are accumulating risk in the material condition of our base infrastructure and are seeing increasing backlogs in ship and aircraft maintenance. We cannot continue to take these risks indefinitely; at some point, we will begin to see operational impacts from the non-operational choices we are making today. The tipping point will be a function of the breadth, depth, and timing of continued sequestration.

General AMOS. The Marine Corps is extremely concerned about ensuring our marines are properly resourced and trained to accomplish their mission. As I stated in my testimony, I am concerned that with continual fiscal uncertainty we may be breaking faith, but our marines and families continue to be resilient.

The Marine Corps has been faced with challenges in light of sequestration and drawdown in end strength. In response, the Marine Corps is prioritizing support services for marines returning from Afghanistan and transitioning out of the Marine Corps and limiting direct services impacts to marines and their families. We are being frugal money managers looking for greater innovation and more creative partnerships, leveraging support organizations at the State and Federal level, and currently absorbing fiscal cuts at the headquarters level to minimize any impact on direct services to marines and families.

General WELSH. It is our title 10 responsibility and solemn duty to provide airmen the required training, resources, and equipment so that they can successfully accomplish their assigned missions. Recruiting and developing high-quality, innovative airmen will remain a fundamental tenet of the Air Force. Our airmen have delivered incredible airpower for the Nation, 24 hours a day, 7 days a week, 365 days a year. However, sequestration has forced us to make very difficult choices in our efforts to manage risk to the force. The Air Force will do everything in its power to maintain faith with the Nation's airmen, but the lack of resources provided the Air Force under sequester will impede our ability to meet our title 10 responsibilities.

WEAPONS SYSTEMS MODERNIZATION AND TECHNOLOGICAL SUPERIORITY

63. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, how will sequester impact our ability to provide our men and women in uniform with the modern 21st century tools and technologies they need to defeat 21st century adversaries, like China?

General ODIERNO. The indiscriminate nature of sequestration has forced inefficient program changes and delays in equipment modernization that affects our ability to sustain current systems effectively and obtain the capabilities needed for future operations. Not only is there a reduction in available dollars, but the buying power of those dollars has been severely restricted because of reoccurring CRs to fund the military rather than timely budgets. We know that over the long-term, the effects of reduced funding under the BCA will significantly increase the costs of vital soldier weapon systems and reduce investment in future Army capabilities, while our potential adversaries continue to develop destructive technologies and weapons. For example, we cannot afford to procure a new Armed Aerial Scout helicopter and there will be a delay for the modernization of Air Defense Command and Control systems. From fiscal year 2014 to fiscal year 2017, the Army will have extensive modernization program shortfalls. Only in fiscal year 2018 to fiscal year 2023, will we begin to rebalance readiness and modernization to a level that is appropriate to fully execute the DSG.

Admiral GREENERT. If Navy is fiscally constrained to the sequestration-level funding at the revised discretionary caps over the long-term (fiscal year 2015 to fiscal year 2023), one potential scenario would result in the development of our capabilities to project power not staying ahead of potential adversaries' anti-access/area denial capabilities. We will not meet the projected capability requirements to assure Joint access in a plausible operational scenario in 2020 due to shortfalls, specifically:

- Some undersea capabilities will be slowed:
 - Attainment of the required P-8A inventory (117) would be delayed from 2019 to 2020, and transition from the P-3C to the P-8A would be delayed from 2019 to 2020.
 - The LCS ASW Mission Package would be delayed from 2016 to 2017.
 - Upgraded sonobuoys and advanced torpedo procurement would still equip all of our helicopters, SSN, and P-8A in the Western Pacific by 2018.
 - VPM would still be fielded in 2027 to enable *Virginia*-class SSN to replace SSGN that begin retiring in 2026.
 - The LCS mine warfare mission package would still field its first increment in 2015 and the second in 2019.
- Air and missile defense improvements would be slowed:
 - SEWIP upgraded electromagnetic sensing and upgraded jamming and deception capabilities would both be delayed 1 year (to 2015 and 2018, respectively). Both of these upgrades are required to counter advances in adversary anti-ship cruise missiles.
 - The new Air and Missile Defense Radar (AMDR) would be delivered on only four ships, as compared to seven under our President's budget for 2014 submission, between 2021 and 2024.
 - The Evolved Sea Sparrow Missile Block II would still be fielded in 2020, with 80 missiles being delivered to deployed ships.
 - The F-35C Lightning II, the carrier-based variant of the Joint Strike Fighter, would still field in 2019 and join our CVW forward homeported in the Western Pacific in 2020. Overall, the number of F-35 procured would decrease by about 30 aircraft in 2020.
 - All components of the improved air-to-air IR kill chain that circumvents adversary radar jamming would be delayed by 2 years. The Infrared Search and Track (IRST) sensor system would field in 2018 and the improved longer-range IRST would not deliver until 2021. The new longer-range AIM-9X Block III missile would not be fielded until 2023.
 - Improvements to the air-to-air RF kill chain would be slowed down as F/A-18E/F Block II Super Hornet anti-jamming upgrades would be delayed to 2020. The longer-range AIM-120D missile would still field in 2014 but equipping of all Pacific carrier air wings would be delayed by 2 years to 2022.
 - The Navy Integrated Fire Control—Counter Air network would still initially field with the E-2D Advanced Hawkeye in 2015, but only four CVW (compared to six in our President's budget submission for 2014) would have it by 2020. Transition to the E-2D would be delayed 3 years to 2025.

General AMOS. Although we are seeing an increase in the type and complexity of Chinese systems and capabilities that are challenging and of concern to all the Service Chiefs, I am confident that we will continue to make the right investments to outpace these threats. My focus has been and will continue to be on ensuring the readiness of the Marine Corps—to provide the Nation's forward deployed crisis response capability. These capabilities will not be aimed at countering one specific threat but must be able to respond to crises that have yet to be identified.

We have consciously shifted some of our funding to maintaining a current level of readiness, and sacrificed some modernization efforts. However, we continue to invest in reducing the weight of our tactical vehicles while providing the requisite protection for our marines. This will make greater use of autonomy, and to expand our command and control, ISR, and expeditionary logistics capabilities to the tactical edge. These capabilities when paired with fifth generation aircraft such as the F-35B, the Amphibious Combat Vehicle, and forward deployed amphibious warships will enable future MAGTFs to continue to serve as an insurance policy against future threats. However, continued sequestration will further restrict the adjustments and choices I will be able to make to long-term modernization efforts while maintaining near-term readiness.

General WELSH. Sequestration-level cuts will impact every one of our investment programs. Modernization/recapitalization is required in order to execute our core missions against the spectrum of threats, including a high-end adversary. Failing to achieve national objectives in a major full-spectrum fight against a near-peer adversary, due to a lack of modernization or recapitalization, is unacceptable. If the budget reduction under current law continues, erosion of our efforts to modernize the force will impact our ability to meet the future technological challenges presented by a near-peer adversary, while also impacting required readiness necessary for contributing to the joint force. Given adequate resources our airmen will innovate and find new and better ways of approaching future military challenges.

64. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, do you agree that under sequester we risk ceding our technological advantage over the Chinese?

General ODIERNO. I agree that the indiscriminate nature of the sequestration reductions to Army science and technology (S&T) efforts risks ceding our technological advantage over the long-term. Investments in S&T are a critical hedge in developing technological superiority through enabling and revolutionary technologies.

Sequestration has already had a significant impact on the Army's S&T programs, with the most serious effects felt by the civilian workforce at our labs and research, development, and engineering centers. Due to sequestration impacts (including furloughs, associated impacts such as travel and conference restrictions, and hiring and pay freezes), the Army is losing personnel with specialized critical expertise. For example, the Night Vision and Electronic Sensors Directorate lost 8 personnel in June and July 2013 alone, compared to an average annual loss of around 19 personnel. These pressures also make it more difficult to attract top talent, especially in areas of new technical emphasis within the DOD such as cyber research and systems biology. The loss of key personnel and the inability to attract new talent will have long-term effects that will be difficult to recover from, even after sequestration has ended.

Sequestration also forced a large (nearly 50 percent) reduction in new basic research grants in fiscal year. Army basic research advances the frontiers of fundamental S&T and drives long-term, leap-ahead capabilities for the Army through a multi-disciplinary portfolio teaming our in-house researchers with researchers and graduate students at 120 universities in 38 States.

Sequestration has caused cancellations and delays in applied research and technology development areas as well. For example, we have delayed the Extended Area Protection and Survivability program by 6 months. This program supports DOD's strategic shift to the Asia-Pacific region through the development of new technologies for counter unmanned aerial systems and counter cruise missile missions. Continued sequestration in fiscal year 2014 and beyond will greatly exacerbate these challenges.

Admiral GREENERT. If fiscally constrained to the revised discretionary caps over the long-term, one potential scenario would result in the development of Navy's capabilities to project power not staying ahead of potential adversaries' A2/AD capabilities, effectively ceding our technological advantage.

General AMOS. Although we are seeing an increase in the type and complexity of Chinese systems and capabilities that are challenging and of concern to all the Service Chiefs, I am confident that we will continue to make the right investments to outpace these threats. My focus has been and will continue to be on ensuring the

readiness of the Marine Corps—to provide the Nation’s forward deployed crisis response capability.

Marine Corps S&T efforts are fully integrated into the Office of Naval Research. Our relatively modest U.S. Marine Corps investment in S&T is not focused on China per se. We are focusing on our traditional expeditionary capabilities in the pivot to the expansive Asia-Pacific theater. We are investing in programs that will support lightening the MAGTF for rapid employment while retaining sufficient combat power to prevail against threats in the littorals.

The A2/AD challenges of concern to the Navy are of equal concern to the Marine Corps, and will impact the ability of the Marine Corps to provide effective crisis response throughout the littorals of the Asia-Pacific theater. The emphasis/priorities that naval S&T has placed on future disruptive/game changing technologies in directed energy, lasers, electronic warfare, cyber, autonomy, and mine counter measures, will enable our continued technological advantage in this environment. These critical technologies in concert with others that support Navy specific requirements ensure the Nation’s naval team has the ability to assure access, project power, and provide for an integrated defense of our amphibious forces, carrier battle groups, and other Joint Forces.

General WELSH. The impact of sequester has introduced uncertainty into rebuilding unit readiness, investment to restore infrastructure, and modernization/recapitalization efforts. The uncertainty introduced into our force structure planning efforts will impact the operational availability of some of our most technologically advanced capabilities and could impact the Air Force’s ability to execute its mission. In the face of this increased uncertainty, the Air Force continues to strive to present a modern and technologically advanced force to combatant commanders. The fiscally informed decisions we make now will transform today’s Air Force into a ready, smaller, highly-trained, and modern force prepared to provide global vigilance, reach, and power against technologically-advancing near-peers.

65. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, how will sequester impact the defense industrial base and its ability to increase production of critical capabilities in response to a contingency?

General ODIERNO. The Army expects that sequestration will impact the defense industrial base and its ability to increase production of critical capabilities in response to a contingency in the following ways:

- Shrinking demand and production rates will lead to higher proportional unit and overhead costs.
- Lower production rates will lead to shrinkage in the labor force. The loss of trained and experienced workers may reduce industry’s ability to quickly respond to future requirements.
- Long-term reductions in funding will threaten the Army’s future modernization efforts and place major acquisition programs at risk, thereby providing fewer opportunities to maintain design and manufacturing skills in the industrial base.

The Army is conducting assessments of the industrial base, both on its own and in conjunction with broader DOD initiatives assessing the defense sector. The AT Kearney Combat Vehicle Industrial Base assessment, and the DOD’s sector-by-sector, tier-by-tier analysis are focused on identifying potential weak points in the industrial base and guiding efforts that support critical elements found to be at risk.

Admiral GREENERT. The fiscal year 2014 President’s budget request requires the BCA of 2011’s discretionary budget caps be replaced in fiscal year 2014 and beyond. If the discretionary caps are not revised, our fiscal year 2014 obligation authority could be reduced \$10 to \$14 billion. This would compel Navy to again reduce operations, maintenance, and procurement in fiscal year 2014, negatively impacting the industrial base.

Delayed weapon system production and cancelled or deferred maintenance and repair will impact ship, aircraft, missile, and land system manufacturers and our industrial supplier base. The projected loss of planned work in fiscal year 2014 due to sequestration will further stress smaller businesses that provide supplies and services to major manufacturers, which have already been impacted due to the general downward trend in defense spending.

General AMOS. Sequestration has had, and will continue to have, a deleterious impact on our Marine Corps industrial base. Under Secretary Hale testified in March 2013 that sequestration disrupted as many as 2,500 investment programs—driving up unit costs at the very time DOD is trying to hold them down. The persistence of sequestration will cause additional cost increases, schedule delays, and adverse effects on our piece of the larger defense industrial base.

The Marine Corps relies on the non-DOD base for much of the research, development, testing and evaluation (RDT&E) that nets us our advanced technology and systems. Sequestration is placing pressure on commercial industry's ability to maintain expertise in critical technologies and core competencies, as well as its ability to avoid contraction, which could lead to less cost-effective solutions in support of our warfighting capability. The small businesses the Marine Corps relies on, either as prime or sub-prime partners, are hard-pressed to absorb delays in receipt of contract awards. In order to stay in business, they will need timely and predictable contract award actions.

At Marine Corps Logistics Command (LOGCOM), our artisans perform repairs on the full spectrum of Marine Corps equipment. The LOGCOM workforce consists of skilled and seasoned artisans not found in commercial industry near our production plants. Many of these artisans require highly specialized, technical skill sets and certifications that are low-density in commercial industry and take years to develop. Examples include specialized metals and coatings workers, electro-optic workers, and engineers capable of design and fabrication of parts for our legacy systems that are no longer manufactured. If the Marine Corps is forced to make precipitous cuts to the LOGCOM workforce, it would take time to regrow the workforce and requisite skill sets, putting at risk our capability and capacity to surge in response to unforeseen contingencies.

General WELSH. The impacts of sequestration on the Air Force flowed across the broad network of companies, large and small, that provide the goods and services that enable the Global Reach, Global Vision, and Global Power of Air Force capabilities. Companies have already responded to the new fiscal reality. Some companies have made cuts in personnel, consolidated their operations, and stopped selling to the military. The net result is a smaller defense industrial base.

This smaller industrial base, in general, will be less capable of responding to a sudden increase in demand or a production surge. There will be reduced workers at fewer locations with less raw materials readily available. At the same time, the demands from the Air Force and other Services are no longer for simple industrial age products but for precision weapons and systems with highly advanced technical capabilities. The combination of starting from a reduced position and producing systems that are both complicated and complex, presents the industrial base with a significant challenge when attempting to surge. My hope is that the Nation will have the time needed for the industrial base to respond. The airmen who will be called upon to fly, fight, and win will need those capabilities.

66. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, what are your priorities for critical capabilities that need to be protected at all costs?

General ODIERNO. The Army will protect its critical capabilities by continuing to engage in activities that ensure the commercial and organic portions of the Army industrial base meet the needs of the warfighter.

The Army is conducting assessments of the industrial base, both on its own and with AT Kearney. The AT Kearney Combat Vehicle Industrial Base assessment, and the DOD's Sector-by-Sector, Tier-by-Tier program are focused on identifying potential weak points in the industrial base and then guiding efforts that support critical elements and capabilities found to be at risk.

Through implementation of its Army Organic Industrial Base Strategic Plan, the Army continually assesses the organic industrial base to identify core depot and critical manufacturing capabilities, areas of risk, and present and future organic industrial base requirements. This will ensure that depot and arsenal workforces and infrastructures are sized and adjusted accordingly over time to sustain core depot and critical manufacturing capabilities to support the needs of the warfighter during current and future contingency operations.

Admiral GREENERT. There are several missions and needed capabilities specified in the 2012 DSG that we cannot perform or keep pace with potential adversaries if constrained to the BCA reduced discretionary caps in the long-term. However, our highest priority missions are to maintain a credible and modern sea-based strategic deterrent, maximize foreign presence to the extent possible using ready deployed forces, and continue investing in asymmetric capabilities while doing our best to sustain a relevant industrial base.

General AMOS.

- Amphibious Combat Vehicle
- F-35B, Joint Strike Fighter
- Amphibious Warships

General WELSH. As we plan for various budget scenarios, we will remain strategy driven by focusing on the unique capabilities we provide the joint force and our ability to execute those capabilities against a high-end threat. We seek to be ready in 2014 for a full range of combat operations, while also building an Air Force capable of executing our five core missions. However, with a sequestered budget, we will not be able to protect our critical capabilities, and will not be able to train or equip our forces or for the full range of operations against a determined, well-armed, and well-trained adversary. The U.S. Air Force provides Global Vigilance, Global Reach, and Global Power to defend our great Nation. At all costs, we must preserve our enduring contributions in air and space superiority; ISR; rapid global mobility; global strike; and command and control. Each of these effects is only provided through the synergy of the right airmen, with the right training, possessing the right equipment. We must make prudent choices to ensure the Air Force is able to unleash the full potential of airpower today, tomorrow, and in the future.

To strengthen our unique and enduring contributions, the Air Force will: deter and defeat adversaries with a credible first-look, first-shot, and first-kill capability; hold our adversaries and what they value at risk while operating on a global scale with unmatched joint integration; exploit and defend air, space, and cyberspace, especially in contested environments, while denying our adversaries unrestricted use of the same. In addition, we believe excess infrastructure is an issue we must address and believe there are precious dollars to be saved in infrastructure reductions and interoperability improvements. We must integrate and organize our Active, Reserve, and Guard forces to leverage the unique strengths and perspectives of each to seamlessly execute Air Force missions; enhance relationships and interoperability with our sister Services, other government agencies, allies, and partners. The money saved from these efforts must be redirected towards readiness and training. We must better train airmen to bring their unique specialties together in more realistic, intense, and diverse environments to advance integrated airpower operations. Then we must take the highly trained force and do everything in our power to keep the force ready. An emphasis on readiness to ensure the highest quality force, regardless of size; and modernize our capabilities to reduce operating costs while attaining desired effects with greater persistence, survivability, longer range, and more versatile payloads is absolutely essential.

NUCLEAR MODERNIZATION

67. Senator INHOFE. Admiral Greenert, because of budget reductions, the replacement for our aging nuclear ballistic missile submarines has been delayed by 2 years. As a result, U.S. Strategic Command (STRATCOM) and the Navy believe this will impose moderate operational risk in approximately the 2030 timeframe. Will the sequester cause an even greater delay in this program?

Admiral GREENERT. Due to its national importance, the Navy will maintain a credible and modernized sea-based strategic deterrent even if it results in taking risks in other missions of the Navy. However, without congressional action or mitigating circumstances, sequestration in fiscal year 2014 will delay the planned start of construction of the first SSBN(X) from fiscal year 2021 to fiscal year 2022. This would cause us to be unable to meet STRATCOM presence requirements when the *Ohio*-class SSBN retires.

68. Senator INHOFE. General Welsh, the replacement for the nuclear air-launched cruise missile (carried by strategic bombers) is the long-range standoff (LRSO) missile, which has been delayed by 2 years. Can we expect further delays due to sequestration?

General WELSH. The LRSO program is a high priority nuclear deterrence operations capability, and the Air Force has had to make difficult strategic trades affecting other modernization programs in order to minimize the impact of sequestration to LRSO. The program is currently on track to achieve Milestone A in fiscal year 2014 and a Technology Demonstration contract award in fiscal year 2015. However, it is highly likely LRSO could be further delayed if sequestration continues based on impacts to the National Nuclear Security Administration's (NNSA) ability to produce a warhead synchronized with the DOD timeline requirement. NNSA planned to start the LRSO warhead Life Extension Program (LEP) in fourth quarter of fiscal year 2014 based on their fiscal year 2014 budget submission. NNSA is reviewing their budget priorities to include impacts of sequestration, and will resolve prior to the submission of their fiscal year 2015 budget.

69. Senator INHOFE. General Welsh, how could sequestration and further budget reductions impact the current Intercontinental Ballistic Missile (ICBM) force and the development of a follow-on system?

General WELSH. Sequestration will slow our fuze modernization program, upgrades to cryptographic and code handling media, and replacement of aging missile transport support, and reentry vehicle test equipment for the Minuteman III ICBM. Technology maturation, system analysis, and acquisition planning for a follow-on system will continue as planned with the Ground Based Strategic Deterrent (GBSD) AoA completing in June 2014. However, should sequestration continue into fiscal year 2015 and beyond, GBSD could be placed at risk along with other critical nuclear modernization programs.

70. Senator INHOFE. General Welsh, would DOD consider eliminating a squadron or wing of ICBMs due to budget cuts?

General WELSH. DOD is currently reviewing force structure options to comply with the New Strategic Arms Reduction Treaty (START). Speaking for the Air Force, any near-term ICBM reductions will be tied to treaty compliance, rather than to meet a specific budget level. As we look to the future, there are a number of major modernization challenges facing the triad. This will require an honest debate as a Nation on what we can afford, and what is required to support our national strategy.

71. Senator INHOFE. Admiral Greenert and General Welsh, why are any reductions in the nuclear forces necessary, when the Deputy Secretary of Defense, Ash Carter, told the House Armed Services Committee (HASC) in August, that nuclear forces are not a big swinger of the defense budget?

Admiral GREENERT. Strategic nuclear force structure will comply with the agreed upon limits under the New START treaty. The 2010 Nuclear Posture Review (NPR) concluded that stable deterrence can be maintained while reducing accountable strategic delivery vehicles and warheads below the 2002 Moscow Treaty levels.

General WELSH. DOD must reduce strategic nuclear forces to comply with the central limits agreed to in the New START treaty by February 5, 2018. The Treaty allows the United States to maintain and modernize our strategic nuclear forces in a way that best protects our national security interests, within the overall central limits of the Treaty.

72. Senator INHOFE. Admiral Greenert and General Welsh, wouldn't the United States have to increase reliance on its nuclear forces if budget cuts continue to hollow-out our conventional forces?

Admiral GREENERT. No. As stated in the 2010 NPR, the United States would only consider the use of nuclear weapons in extreme circumstances to defend the vital interests of the United States or its allies and partners. In many cases, it would be inappropriate and counter-productive to assign nuclear forces to the type of missions that are carried out by conventional forces.

General WELSH. As stated in the 2010 NPR, the fundamental role of U.S. nuclear weapons is to deter nuclear attack on the United States, our allies, and partners. Although sequestration will have an impact on future Air Force conventional capabilities and readiness, the Air Force is not aware of any administration or DOD changes to policy that direct an increase in reliance on strategic forces to compensate for potential gaps in conventional capabilities that may result from reductions in defense spending.

FISCAL YEAR 2015 BUDGET DECISIONS

73. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, what are some of the issues that are currently being discussed for the fiscal year 2015 budget?

General ODIERNO. The SCMR review concluded that the Total Army must reduce its endstrength, combat formations, readiness, and modernization programs dramatically to keep pace with each of the proposed budget options. We must strike the right balance between end-strength, readiness, and modernization across the active Army, the Army National Guard, and the U.S. Army Reserve as we reduce the size of the force.

If the magnitude and speed of the discretionary cap reductions remain, causing Army end strength to drop below 450,000, the Army will not be able to fully execute the 2012 DSG requirements. From fiscal year 2014 to fiscal year 2017, as we continue to draw down and restructure the Army into a smaller force, the Army will

have significantly degraded readiness and extensive modernization program shortfalls. Only in fiscal year 2018 to fiscal year 2023 will we begin to rebalance readiness and modernization. This rebalance will come at the expense of significant reductions in force structure and end strength, which may not allow us to execute the DSG and, in my opinion, will add significant risk for the Army to conduct even one sustained major combat operation.

The Army is continuing to examine future year readiness and investment impacts as a result of fiscal uncertainty.

Admiral GREENERT. We have been directed by the OSD to build a budget, called the alternate POM, which assumes funding levels at the revised discretionary caps over the long-term. This is being prepared and we are currently deliberating on the alternate POM in program budget reviews within DOD. There is also a secondary funding level that is under consideration at a higher level to provide additional options, but we are focusing on the alternate POM right now.

General AMOS. The Marine Corps is focused on how to maintain a ready force postured for crisis response and forward presence in an uncertain and declining fiscal environment. Readiness remains our primary concern, but adverse impacts upon training and longer term investment and modernization become more critical each year sequestration continues.

General WELSH. Given the magnitude of the cuts the Air Force and the rest of DOD face, all options were considered during the development of our fiscal year 2015 budget. As a result, the Air Force divested less capable aircraft that are optimized for a single mission and, instead, prioritized multi-role survivable aircraft; reduced modernization while protecting critical initiatives including our top acquisition priorities (F-35A, KC-46A, LRS-B, space strategic warning, secure communications, and space situational awareness); protected readiness to the maximum extent possible; and reduced headquarters staff.

74. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, help me understand the significance of the trades that sequestration is forcing you to make as you look to finalize the fiscal year 2015 budget.

General ODIERNO. The choices we must make to meet reduced funding levels caused by sequestration could force us to reduce our Army in size and capability to levels that I am not comfortable with as the Chief of Staff of the Army. We must develop a leaner, smaller Army that remains the most highly-trained and professional All-Volunteer land force in the world; one that is uniquely organized with the capability and capacity to provide expeditionary, decisive landpower to the Joint Force, and is ready to perform the range of military operations in support of combatant commanders to defend the Nation and its interests at home and abroad, both today and against emerging threats. For those who present the choice as one between capacity and capability, I would remind them that for the Army, soldiers are our capability. The Army must train and equip soldiers to achieve decisive strategic results on the ground. If the funding dictates a smaller Army, then we must be prepared for both reduced capacity and reduced capability.

Ultimately, the size of our Army will be determined by the guidance and amount of funding provided by Congress. Under the proposed SCMR funding levels, the Army was sized-to-budget, meaning that in order to build and sustain a ready force, the Army would be reduced to no more than 420,000 in the Active Army, 315,000 in the Army National Guard, and 185,000 in the U.S. Army Reserve. This results in significantly less than the 52 BCTs I believe we need. Additionally, it would require us to reduce our modernization accounts by nearly 25 percent; leaving no program unaffected. While we have not made our final decisions at this point, major weapon programs will inevitably be delayed. The impact on the industrial base is likely to be severe.

The Army is continuing to assess the impacts and potential trades as a direct result of sequestration in fiscal year 2014. The results of current deliberations will be presented during the fiscal year 2015 budget briefings to Congress.

Admiral GREENERT. Consistent with what the Deputy Secretary of Defense told this committee in August, if fiscally constrained to the BCA revised discretionary caps over the long-term (2013 to 2023), the Navy of 2020 would not be able to execute the missions described in the 2012 DSG. There are numerous ways to adjust the Navy's portfolio of programs to meet the revised discretionary caps. These are currently under deliberation within DOD.

Any scenario to address the fiscal constraints under current law must include sufficient readiness, capability, and manpower to complement the force structure capacity of ships and aircraft. This balance would need to be maintained to ensure each unit will be effective, even if the overall fleet is not able to execute the DSG.

There are, however, many ways to balance between force structure, readiness, capability, and manpower.

General AMOS. The Marine Corps will protect near-term readiness at the expense of significantly increased risk in equipment modernization and infrastructure sustainment which creates imbalances across the Corps. The Marine Corps will rebalance to the Pacific and prioritize crisis response and support of deployed and next to deploy units. However, if sequestration remains in effect, the Marine Corps would be forced to reduce its permanent Active Duty end strength to 175,000 which accepts risk in Major Combat Operations (MCO) as operating forces will be engaged in one theater thus reducing forces available for MEUs, SPMAGTFs, TSC operations, and other operational commitments. This risk cannot be continued indefinitely as less funding for equipment maintenance, training, ranges, and facilities ultimately impacts readiness for next-to-deploy and home station crisis response forces.

Additionally, the conditions of our facilities—across the board—will reduce from fair to poor within the FYDP in conjunction with minimum funding for base operating support functions (utilities, life/safety/health, et cetera) and significant reductions to MILCON/facility sustainment, restoration, and modernization. Finally, reductions to equipment modernization result in deferred Initial Operating Capability (IOC) and reductions to critical capabilities such as maneuver, net-centric, interoperable, persistent ground surveillance, and command and control.

General WELSH. The significance of the trades we were required to make in our fiscal year 2015 budget are clear: the caps established by the BCA and sequestration will result in an Air Force that has less capability and less capacity. Additionally, the front-loading of the BCA cuts also forced us to consider tradeoffs in current readiness versus future preparedness. Collectively, in formulating an Air Force budget that complied with the BCA and the fiscal guidance, we had to accept that we could not fund an Air Force that would be fully capable, retain capacity, appropriately ready for near-term contingencies, and recapitalized for the future. Instead, you will see an Air Force lacking the capacity and capability needed to implement the DSG, quickly compel adversaries, and avoid unprecedented levels of risk to the lives of servicemen and women called into conflict.

IMPACT OF SEQUESTRATION ON MILITARY MEDICAL READINESS

75. Senator INHOFF. General Odierno, Admiral Greenert, General Amos, and General Welsh, how are effects of sequestration expected to impact the health of our men and women in uniform?

General ODIERNO. The health of our soldiers directly impacts the security of our Nation. The soldier is the primary weapon system of the U.S. Army. Accordingly, soldiers' health equates to readiness. Military medical health and readiness are directly tied to the Military Health System's (MHS) ability to provide the right care at the right time. We must maintain a stable fiscal platform that allows us to focus on our priorities of Combat Casualty Care, Readiness and Health of the Force, a Ready and Deployable Medical Force, and Health of Our Families and Retirees.

Sequestration has placed tremendous pressure on Army medicine to provide adequate care to soldiers and other beneficiaries. Fiscal uncertainty has led to a decrease in patient encounters, enrollment, and overall patient satisfaction. We expect the trend to continue if sequestration remains in place.

Over one third of our civilian medical workforce was furloughed as a result of the most recent government shut down. Previously, 83 percent were furloughed due to sequestration. The uncertainty caused by such furloughs is taking a toll on our personnel and creating hardship. The Army Medical Command has lost over 4,000 medical workforce members, representing nearly 10 percent of the civilian workforce. Continued turbulence for our civilian workforce adversely impacts the Total Army medical team morale, which will negatively impact retention of both military and civilian staff. In the long-term, continued uncertainty will likely cause civilian personnel to migrate to the civilian health care sector and prevent us from maintaining the right talent we need for the future.

Sequestration also negatively impacts the long-term R&D of new medical treatments and solutions for the battlefield. The funding requirements for military medical R&D are not tied to the size of the force, but to the diversity of medical challenges imposed by operational and environmental health threats that will increase with a change in operational focus to the Pacific.

More than a decade of war has led to tremendous advances in knowledge and care of combat-related wounds, both physical and mental. Our decisions today must preserve the Army's core medical research competencies and, through continued med-

ical research investments, sustain a productive capability to ensure strategic flexibility and respond to current and future threats. If forced sequestration cuts continue to reduce the Army budget in fiscal year 2014 and beyond, we will risk losing our core medical research competencies and compromising our ability to prevent technological surprise and deliver medical solutions necessary to address the gaps discovered during 12 years of combat operations.

Admiral GREENERT. Our sailors must be medically ready to meet their demanding responsibilities. Just as importantly, they need to be confident when they are deployed that their families have access to quality health care. The Navy is committed to maintaining access to health care for all our beneficiaries; however, I remain concerned about the impact of sequestration at our medical centers, hospitals, and clinics. With planned reductions, Navy MTFs will have fewer resources to address the needs of our beneficiaries at a time when we are seeing an increase in the number of patients in our facilities and an increase in demand for health care services. In order to address the anticipated increased demand for access to care at MTFs, fiscal year 2014 sequestration cuts will continue to be channeled to decreasing facilities sustainment (restoration and modernization), equipment purchases, and travel, and descope healthcare support and service contracts.

General AMOS. Our sailors supporting the Marine Corps are committed to providing the highest level of quality patient care and access for wounded warriors and beneficiaries. However, sequestration will adversely impact medical research targeted for wounded warriors and impact long-term cost saving initiatives, such as the Marine-Centered Medical Home. Sequestration will also undermine restoration, modernization efforts, and facility repair, thereby decreasing access to quality care and the patient experience.

General WELSH. To date, the Air Force has not experienced any visible impact from sequestration on the health of our airmen; we have worked very hard to ensure our airmen and their families continue to receive quality and timely health care. In the short-term, sequestration impacts to staffing could result in delays in some services, and the need to send some patients to the civilian network for care. Long-term impacts of continued sequestration on readiness are of great concern. Continued cuts to R&D programs could delay critical advancements in military medicine that allow us to provide cutting-edge care on the battlefield and prepare us for the next war. Prolonged delays in acquisition of medical equipment or funding of medical military construction and facility sustainment projects, traditional bill payers during constrained budget periods, will also result in the Air Force no longer providing state-of-the-art care to our members and families. When this occurs, we will eventually see an impact on the recruiting and retention of highly qualified medical providers as they become dissatisfied with their working environment and the ability to maintain their wartime skills at proficiency level. Ultimately, all of these factors would reflect on the care we are able to provide to ensure our force is healthy and fit. We are committed to supporting our airmen and their families and, if sequestration continues, will make adjustments in an effort to focus our resources where they are most needed.

76. Senator INHOFF. General Odierno, Admiral Greenert, General Amos, and General Welsh, what impact does a medically unfit fighting force have on our national security?

General ODIERNO. A medically unfit fighting force negatively affects the Army's ability to support the NMS because of a decreased number of combat-deployable soldiers. Currently, the number of medically non-available soldiers has remained consistent at 65,000 across the Active and Reserve components. Because all these soldiers count against the Army components' end strength numbers, it will exacerbate the Army's personnel readiness posture as we also work through a deliberate draw-down. The greater the percentage of medically unavailable soldiers becomes against the Army's decreasing end strength, the fewer soldiers are available to deploy to achieve NMS objectives.

Admiral GREENERT. Our sailors must be physically and mentally capable to fulfill their demanding operational responsibilities. The medical readiness of sailors is directly linked to Fleet readiness; when they are medically unfit, it impacts their ability to contribute to the mission of their ship or command. This in turn harms our ability to deliver the appropriate readiness, warfighting capability, and forward presence the Nation depends upon from our Navy.

General AMOS. The Marine Corps is America's premier crisis response force. As such our readiness is directly tied to confronting emerging threats whenever and wherever they may next strike. Medically unfit marines reduce strategic and operational options available to combatant commanders, reduce the size of the force and decrease readiness. Service men and women of the Marine Corps will continually

be called upon to fight the Nation's wars and to protect American's freedoms. Marines must be in top physical condition, which translates into being healthy and fit to perform their mission. A medically unfit fighting force presents a difficult challenge to military preparedness and to force health protection, and may lead to significant implications for national security.

General WELSH. Each component of a mission-critical system, to include the airmen operating the system, must be properly maintained (or fit) to ensure optimal function. A medically unfit airman threatens system success and endangers the Air Force's ability to prosecute our national strategic objectives. This has the potential to put our national security interests at risk.

RESEARCH AND DEVELOPMENT, SCIENCE AND TECHNOLOGY

77. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, R&D and S&T budgets are typically the first to be cut when budgets are constrained. What roles do R&D and S&T play in the ability of your Services to provide for the security of this Nation and its people?

General ODIERNO. The Army's S&T vision is to foster innovation, maturation, and demonstration of technology enabled capabilities that empower, unburden, and protect the warfighter of the future while exploiting opportunities to transition increased capability to the current force. S&T, an early component of R&D, enables soldiers to dominate the battlefield today and tomorrow. Investments in R&D and S&T are critical to our efforts to maintain technological superiority. The Army depends on its S&T programs to research, develop, and demonstrate high-pay-off technological solutions to threats faced by soldiers in complex environments across the full spectrum of conflict. In order to prevent, shape, and win future conflicts in an uncertain and complex world, Army S&T must deliver timely technology solutions that address the Army's top priority capability gaps.

The R&D mission leverages advancements developed through the S&T programs and brings those ideas/technologies to bear, fulfilling the cornerstone of our NMS to always have the technological advantage.

Both S&T and R&D provide a wealth of knowledge, invention, and discovery. In addition, investment in S&T and R&D provides the Army with the foundation necessary to support the development of a spectrum of capabilities from revolutionary and disruptive capability development via new programs of record (POR) to evolutionary advancements in capability through existing PORs. However, constant fluctuation and uncertainty due to the current fiscal environment inhibits our ability to develop and mature key technologies that ensure our warfighters maintain a technological edge over our adversaries.

Admiral GREENERT. Naval R&D and S&T deliver new affordable capabilities to the Navy that ensure continued superiority of the U.S. naval forces of today and the warfighters of the future. Naval S&T supports a Navy that is capable of prevailing in any environment by focusing on S&T areas with big payoffs, encouraging innovative thinking and business processes, and striving to improve the transition of S&T into acquisition programs in the most cost-effective means possible—striking the right balance between responsive near-term technology insertion and long-term basic research. S&T investments enable the technical superiority of our naval forces by producing knowledge and transitions, and growing a healthy science and engineering workforce.

If sequestration continues, there would be adverse impacts to many of our R&D programs due to contract cancellations, contract terminations, and undetermined cost increases caused by inefficient contracting and schedule delays. These impacts will reduce and delay our R&D efforts and negatively impact key procurement strategies in future years.

General AMOS. Marine Corps Naval R&D and S&T investments enable new affordable capabilities that ensure the continued technical superiority of our warfighters today and into the future. Without an adequate investment in S&T, we are in jeopardy of employing obsolete legacy technology. Many programs such as the Amphibious Combat Vehicle rely on these investments to make affordable and effective material solutions feasible.

The Marine Corps S&T program is fully integrated into the Office of Naval Research. Naval S&T investments support a Navy and Marine Corps that is capable of prevailing in any environment by focusing on areas with sizeable payoffs, encouraging innovative thinking and business processes, and striving to improve the transition of S&T into acquisition programs in the most cost-effective means possible—striking the right balance between responsive near-term technology insertion and long-term basic research. Our U.S. Marine Corps S&T investments enable technical

superiority by producing knowledge products, enhancing current programs of record, and transitioning new capabilities into emerging programs of record. Our R&D and S&T funding also supports an essential science and engineering workforce, keeping it technically relevant and capable of developing and evaluating technology enhancements for warfighter applications. Maintaining an appropriate investment in our technology base is critical to ensure the ability to keep pace with future threats and opportunities. The Marine Corps S&T Strategic Plan establishes priorities and provides the combat developer's guidance and direction for investments in areas that will enable future operational concepts.

General WELSH. Since its inception, the U.S. Air Force has protected the Nation through technical innovation. The Air Force S&T program prepares and equips the warfighter to face threats in an uncertain future. The Air Force S&T program investigates game-changing technologies to affordably transition the art-of-the-possible into military capabilities. We invest in research that addresses urgent, near-term warfighter needs as well as research that will provide revolutionary capabilities in the future. The Air Force S&T program is multifaceted and flexible; it maintains a strong core of in-house expertise, pursues technologies in coordination with industry and academia, and leverages global S&T developments and emerging capabilities.

Even in these tenuous fiscal times, maintaining investment in S&T is crucial to the future safety of the Nation. The rapid-fire rate of technological development across the globe necessitates that America remains a technologically superior Nation—and the Air Force S&T program leads the charge in creating a secure, technologically-advanced future for our warfighters.

IMPACT OF SEQUESTRATION ON THE WAR IN AFGHANISTAN

78. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, do you agree that funds used to pay for ongoing efforts in Afghanistan do not soften or lessen the impact of sequestration?

General ODIERNO. Yes. The Army fenced the OCO funds directly supporting ongoing operations in Afghanistan and did not use them to lessen the impact of sequestration.

Admiral GREENERT. Funds provided by Congress to Navy for OCO do not lessen the impacts of sequestration. OCO funds provide for incremental operating costs associated with efforts in Afghanistan and cannot be realigned to other Navy efforts impacted by sequestration if they do not support the OCO mission.

General AMOS. Yes. Funds allocated towards our Afghanistan forces do not soften the impact of sequestration.

My number one priority remains those forces in Afghanistan and forward deployed and we will ensure they are supported and ready. The funding provided by Congress in support of Operation Enduring Freedom funds the additional temporary end strength, the pre- and post-deployment training, the deployed units, and the retrograde and reset of equipment. As a result, this funding does not lessen the impact of sequestration on installation support and equipment maintenance.

General WELSH. Any additional OCO funding required in the year of execution, not covered by the OCO appropriation, adds complexity to the challenge of covering sequester as the additional funds needed are supported from our baseline appropriated dollars.

79. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, isn't it true that last year you were forced to take money out of your base budgets to pay for shortfalls in the Afghanistan warfighting effort because the White House chose not to request additional supplemental funding?

General ODIERNO. The Army used \$4.54 billion in base funding and \$2.16 billion from other DOD funding sources to pay for the \$6.7 billion shortfall in OCO funds in support of Operation Enduring Freedom.

Admiral GREENERT. Navy provided \$0.2 billion in baseline military personnel and R&D amounts to fund fiscal year 2013 OCO requirements in second destination transportation for equipment movements and retrograde operations. The second destination transportation requirement is funded through Army.

General AMOS. In fiscal year 2013, the Marine Corps OCO request was fully supported by the administration and Congress.

General WELSH. OCO costs exceeded original estimates in fiscal year 2013. These emerging expenses were met through scrubbing OCO requirements, deferring contracts in order to mitigate costs, and funding transfers (\$.854 billion) between investment and O&M appropriations.

LOOMING RETENTION PROBLEMS

80. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, due to sequestration, we have: cancelled a deployment of a carrier battle group; cancelled training and exercises at every level; grounded aircraft; cancelled or postponed weapons and advanced training schools and courses; reduced the amount of ammunition our service men and women can use during training; required our military to train without the proper equipment—equipment they will use in Afghanistan and around the world; postponed required maintenance on all our military equipment; and delayed or cancelled replacement of that equipment. Our men and women in uniform are unable to do what they signed up to do. Do you see any indicators of a looming retention problem? Please provide examples of these indicators.

General ODIERNO. Despite budget reductions, the morale of our Active component soldiers remains high, though tenuous. There are currently no indications of a looming retention problem within the Active component. In fact, the Active Army continues to reenlist soldiers at rates that are consistent with historical trends (fiscal year 2013—113 percent). Retention has remained high throughout the war; despite the hardships, soldiers have reenlisted to remain a part of the team, and continue to do so. We expect the trend to continue and currently see nothing that indicates an inability to meet our retention goals. However, as the Army reduces end strength and addresses the impact of reduced budgets, we will continue to monitor reenlistment rates and trends to determine any shift in program accomplishments.

During the government shutdown, unit battle assemblies were canceled, and career counselors were not able to travel. This may have impacted reenlistment opportunities for certain reenlistment eligible soldiers. Soldiers who exited during this period may have erroneously believed that they did not have any option to extend due to the government shutdown. Army Reserve Careers Division is currently tracking and contacting all affected soldiers who subsequently exited during this period. Any additional shutdowns could impact hundreds of soldiers in the reenlistment eligibility window, thus reducing the year-to-date reenlistment mission and impacting U.S. Army Reserve end strength, and the readiness of under strength units. Once a soldier separates from the Army, it is a lengthy process to bring them back.

The number of Army National Guard reenlistments has steadily increased over the last 3 fiscal years in line with the increasing number of reenlistment eligible soldiers. The fiscal year 2013 retention mission set a very aggressive goal to maximize Army National Guard reenlistments. The Army National Guard leadership continues to maintain significant emphasis on the retention of qualified, experienced soldiers and anticipates no issues with meeting future retention goals.

Admiral GREENERT. Fiscal year 2014 retention is currently exceeding expected levels in all enlisted categories. We do not anticipate any significant aggregate or community-specific officer retention problems.

General AMOS. There is some evidence of a potential future retention problem. As a part of our drawdown efforts, the Marine Corps is currently accessing the right balance of officers and enlisted personnel numbers needed to meet our requirements. In the future, we believe that in order to meet end strength requirements, the Marine Corps will require a higher percentage of reenlistments and lower attrition rates. In general, higher retention requirements/lower attrition requires greater incentives, and often a larger Selective Reenlistment Bonus budget, to be able to achieve retention goals.

General WELSH. Overall officer and enlisted retention remains strong; our airmen love what they do for the Air Force and our Nation. Given the many personal factors affecting an airmen's decision to stay or depart the force, it is too difficult to ascertain how sequestration will affect retention. However; it would not be surprising to find that airmen might waiver in their commitment to future service under the conditions adversely impacted by sequestration.

REPHASING SEQUESTRATION CUTS

81. Senator INHOFE. General Odierno, Admiral Greenert, General Amos, and General Welsh, do you agree that a rephasing of the sequester cuts—like the table below proposes—in a way that won't devastate readiness or undermine our security here at home, would be beneficial and would allow each of you to make smarter decisions that reduce some near-term risk?

REDISTRIBUTION OF SEQUESTER CUTS UNDER SENATOR JAMES M. INHOFE'S BILL

[In billions of dollars]

Fiscal Year	DOD Cut	Add/Sub
2014	10.0	-44.7
2015	30.0	-24.7
2016	61.7	+07.0
2017	63.7	+09.0
2018	63.7	+09.0
2019	66.7	+12.0
2020	69.7	+15.0
2021	72.1	+17.4

General ODIERNO. Yes. Currently, the severity and immediacy of sequestration is having devastating impacts to the Army. Under current constraints, readiness, and modernization are the only sources available to offset the reduced funding in the early years until force structure and end strength reductions produce savings in the future (typically 3 to 5 years). This causes the Army to be out of balance across force structure, readiness and modernization for 5 to 8 years. Re-phasing the reductions to the future would enable the Army to better manage the impacts and maintain better balance as we drawdown and adapt to fiscal realities.

Admiral GREENERT. The challenge of sequestration as a mechanism for deficit resolution comes from both the size of the cuts and the indiscriminate mechanical nature of the cuts as required by law. If sequestration levels of funding are sustained for 10 years, the Navy of 2020 would not be able to execute the missions described in the DSG.

Navy will do our part to get the Nation's fiscal house in order, but it is imperative we do so in a coherent and thoughtful manner to ensure appropriate readiness, warfighting capability, and forward presence. The SCMR demonstrated that making cuts strategically is only possible if they are back-loaded. While no agency welcomes additional budget cuts, a scenario where we have additional time to implement reductions, such as in the President's budget, would be far preferable to the deep cuts of sequestration. If these abrupt cuts remain, we risk fielding a force that over the next few years is unprepared due to a lack of training, maintenance, and the latest equipment.

There is some benefit to rephasing the sequester cuts. However, the proposed plan resulting in deeper out-year reductions also poses challenges, particularly for our investment accounts. To responsibly manage the fiscal year 2013 sequester impact, Navy deferred costs to future years for many of our investment programs. The funds necessary to ensure these programs remain whole may not be available in the above plan with cuts greater than current sequestration levels in the out-years.

General AMOS. Yes. The rephasing of sequester cuts would alleviate some of the near-term risks to readiness, installations, and equipment modernization. However, with continued or increased reductions in the out-years, the Marine Corps will still have to make difficult decisions regarding manpower (our most expensive resource) which continues to result in risk to our operating forces, specifically our MCO capabilities.

General WELSH. Sequestration is very harmful to Air Force readiness and our airmen. The Nation will be more secure and will achieve more sustainable savings if reductions in defense spending are made in a more reasoned way than the abrupt, arbitrary mechanism of sequestration. With Congress' support for the tough decisions that will be necessary to align our future force to the needs of the strategy and a sensible alternative to the indiscriminate sequestration cuts, we can be both ready today and modern in the future. We need Congress to pass funding bills that provide stability both in the near-term and the long-term.

QUESTIONS SUBMITTED BY SENATOR MIKE LEE

READINESS ISSUES

82. Senator LEE. General Odierno, Admiral Greenert, General Amos, and General Welsh, you all have testified about the readiness crisis we will be facing in the coming years if sequestration continues. The problem is that savings from changes in force structure and efficiencies can only be realized in later years, so in the earlier years of sequestration, more of the annual cuts will have to come out of readiness.

Can you specifically speak to what changes in force structure will be necessary to regain readiness at the funding levels under sequestration?

General ODIERNO. If further budget cuts are directed in conjunction with the BCA of 2011, and end strength goes below 490,000 in the Active component, the Army would need to reduce up to an additional 100,000 soldiers from the Active component, the Army National Guard, and U.S. Army Reserve. These reductions would result in an Army that is undersized and subject to prolonged and disproportionate investment across manpower, O&M, modernization, and procurement without corresponding adjustments to strategy. In the face of fiscal year 2014 budget uncertainty, the Army will ensure units with high-priority missions have the resources they need to be fully prepared, and must accept risk in lower non-priority units. Lowest priority forces may not be able to fully execute broader-focused training strategies since they would have to constrain training activity to the squad/crew/team level. Restoring adequate readiness across the force will take years to complete and require significantly more resources to maintain the necessary readiness in a stable fashion.

Admiral GREENERT. If sequestration continues in fiscal year 2014, we will need to request to transfer or reprogram funds from other accounts into O&M to make up for the sequestered amount and regain readiness. Just to meet minimum readiness needs, we need to transfer or reprogram about \$1 billion into the O&M account. Procurement programs would have to be reduced to achieve near-term savings from changes in force structure. For example, cancelling procurement of 11 tactical aircraft (4 EA-18G Growler, 1 F-35C Lightning II, 1 E-2D Advanced Hawkeye, 2 P-8A Poseidon, and 3 MH-60 Seahawk) and about 400 weapons, exacerbating future BCA-driven reductions in our capabilities to project power despite A2/AD threats.

General AMOS. Concerned with the likelihood of future sequestration budgets beyond 2013, the Marine Corps initiated a study to identify the Marine Corps force structure that would best meet the National Security Strategy requirements, at a high rate of readiness, within the confines of future budgetary constraints. A redesigned 175,000 force emerged as the best force the Corps could provide in addressing the operational requirements of steady state deployments, crisis response activities, and potential major combat operations while preserving institutional health and readiness. At 175,000, the Corps leverages its crisis response capability, which is crucial for the current and future threat environments through lighter, agile, forward-deployed forces. The force provides a balanced force of MAGTFs that range from the Special Purpose MAGTF to the Marine Expeditionary Force (MEF) levels. Marine Expeditionary Units (MEU) with parent Marine Expeditionary Brigades (MEB) would optimize amphibious training opportunities within each MEF. Standing MEBs would be capable of high-entry operations from the seabase and employment as a Global Response Force to provide the combatant commanders with a middleweight force for a broad range of mission sets. The 175,000 force supports the rebalance to the Pacific, includes the 1,000 Marine Corps Embassy Security Group, and supports Marine Corps Forces SOCOM and Marine Corps Forces Cyberspace Command. It accepts risk, however, in the ability to carry out major combat operations at the high end of the range of military operations. Some of the force structure changes will be:

- Headquarters above the MEF will be reduced by 20 percent
- II MEF and MARFORCOM commands will be combined
- Marine Logistics Groups will be reorganized into functional battalions
- The quantities of artillery batteries and tactical aviation squadrons will be reduced

General WELSH. The readiness problem the Air Force faces over time is significant. Recovering Air Force readiness levels required to meet DSG requirements will take a combination of time, additional resources, and reductions in operational tempo. The Air Force can only achieve these readiness levels by reducing force structure enough so that we can keep a smaller force ready, which in turn means less capacity, less capability to respond globally, and less options for national strategic decisionmaking. If reduced sequestration-level funding caps continue, over the next 5 years, the Air Force could be forced to cut up to 25,000 total force airmen (about 5 percent) and up to 550 aircraft (about 9 percent of the inventory). While fiscal constraints make it necessary to reduce force structure, a smaller force will not automatically be more ready. To achieve desired readiness levels, we must also manage the operational taskings so that our forces have the time to conduct necessary training to achieve readiness.

83. Senator LEE. General Odierno, Admiral Greenert, General Amos, and General Welsh, will it require a BRAC round? If so, how extensive will the BRAC need to be and how extensive would downsizing need to be for each of the Services?

General ODIERNO. Yes. The Army's end strength and force structure is declining as funding decreases creating additional excess capacity. We simply cannot afford spending millions of dollars maintaining underutilized buildings and infrastructure. In a very short period, trying to spread a smaller budget over the same number of installations and facilities will inevitably result in rapid decline in the condition of Army facilities. Without a future round of BRAC, the Army will be constrained in closing or realigning installations to reduce overhead. This empty space tax on our warfighters will simply result in cuts to capabilities elsewhere in the budget.

BRAC 2005 was a restructuring effort that is currently saving the Army a net of \$1 billion a year, even though the Army's force structure and end strength increased during the implementation period. During the late 1980s and 1990s, the Army's force structure and end strength declined significantly, which initiated efficiency rounds of BRAC that are saving the Army an additional \$1 billion a year. The Army would use a future round of BRAC to seek efficiencies similar to the rounds of BRAC from this period.

The Army is unsure exactly how much excess capacity will be created when the Army's Active component force structure declines to 490,000 soldiers. A June 2013 Government Accountability Office (GAO) report concluded that use of 2004 and 1998 capacity data for "calculating pre-BRAC estimates of excess capacity ha[s] limitations." These capacity analyses identified upwards of 20 percent excess capacity in Army installations.

A BRAC round is necessary to identify inefficiencies and eliminate unused facilities, so that we do not divert scarce resources away from training, readiness, and family programs.

Admiral GREENERT. Our Navy functions best when our shore infrastructure is aligned with our force structure and laydown. If Congress authorizes a new BRAC round, the Navy will evaluate our activities objectively by measuring military value, alignment with force structure, cost, and impact to the surrounding communities.

General AMOS. Our bases and stations provide the training areas, ranges, and facilities necessary to prepare and sustain forward deployed marines. The Marine Corps views its installations as an indispensable element to operating force readiness and we continue to seek efficiencies in every facet of installation management. Since installation readiness and operational readiness are intertwined, installations and operating forces must be viewed through one supporting prism and we continue to aggressively seek efficiencies and will find our trade space in the selective divestiture of aging infrastructure. We recognize the necessity of BRAC deliberations across the Services. However, we don't believe we have excess infrastructure. In fact, our assessment is that we are currently right-sized and will need to maintain the current number of bases to support the future force.

General WELSH. Yes, we require BRAC legislation to allow the Air Force to complete a thorough analysis of infrastructure and excess capacity. Only with enactment of BRAC authority can the Air Force conduct a definitive BRAC analysis, authoritatively measure and compare force structure and infrastructure requirements, and determine excess capacity.

84. Senator LEE. General Odierno, Admiral Greenert, General Amos, and General Welsh, what will happen to military readiness if the continued growth in personnel costs—such as pay, benefits, healthcare, and retirement—are not changed?

General ODIERNO. Military manpower costs remain at historic highs and consume roughly 44 percent of the Army budget today. If we do not slow the rate of growth of soldier compensation, it will consume a higher, disproportionate percentage of the Army's budget. As a result, we will be forced to reduce the Army's size below sequestration levels of end strength and further reduce investments in training and modernization which will inevitably adversely affect readiness. We must balance compensation with capacity, readiness, and modernization. It is imperative that we develop compensation and benefits packages that reduce the rate of growth, while honoring our commitment to soldiers and their families and maintaining the quality of the AVF.

Admiral GREENERT. Military compensation is roughly half of the DOD budget. If left unchecked, the growth of pay and benefits will impact our readiness and modernization efforts, resulting in a far less capable force that is well-compensated, but poorly trained and poorly equipped.

General AMOS. Controlling the growth of personnel costs is essential to maintaining a balanced, high state of readiness force as we tighten our spending to meet the requirements in the BCA. The proposals to reduce pay and health care costs—in the

President's 2014 budget submission—will allow us to continue to recruit and retain high-quality marines. If action is not taken to slow compensation growth, personnel costs will continue to increase; thereby, putting greater pressure on readiness and modernization.

General WELSH. Readiness is at a critical point in our history. We have to take a deliberate and comprehensive look at compensation and benefits to be sure we have the right balance between people, programs, readiness, weapons systems sustainment, and modernization.

85. Senator LEE. General Odierno, Admiral Greenert, General Amos, and General Welsh, do you believe these changes to personnel costs would need to be made even if sequestration were not a factor?

General ODIERNO. Yes. The cost of a soldier has doubled since 2001 and unless DOD, with congressional support, can bend the cost curve of military compensation, it will grow to a disproportionate share of the budget. This especially impacts the Army, which has the largest end strength of all the Services. As we go forward, we must develop compensation packages that control future costs, but at the same time continue to recognize and reward our soldiers and their families for their commitment and sacrifice.

Admiral GREENERT. Yes. I support our fiscal year 2014 President's budget submission, which included modest compensation-related reforms. People are our most important asset, and we must sustain compensation packages that recruit and retain the finest military in the world. Overall, personnel costs in DOD have risen approximately 40 percent above inflation since 2001, we cannot afford to sustain this growth under the current fiscal realities.

General AMOS. Yes. The Marine Corps currently spends 62 cents on the dollar to cover manpower and personnel costs. If action is not taken, that number will approach 70 cents by the end of the FYDP. Limiting the growth of military compensation is still a necessary aspect of force modernization. Measured and competent adjustments to areas, such as basic pay and BAH, are responsible ways to adapt to the current fiscal environment without hollowing out the AVF.

General WELSH. The Air Force must employ a fair and competitive compensation package to recruit and retain quality airmen to maintain the experience in our technology-based force. This will require thoughtful and strategic compensation modernization and reform under most any budget environment.

STRATEGIC SHIFT TO THE ASIA-PACIFIC REGION

86. Senator LEE. General Odierno, Admiral Greenert, General Amos, and General Welsh, how will the President's strategic shift to the Asia-Pacific region be effected by an ongoing sequester?

General ODIERNO. The Army continues to prioritize and implement requirements that support the rebalance to the Asia-Pacific region, but ongoing budget reductions may raise doubts in the region about America's commitment. In the short-term, sequestration primarily degrades the readiness of Army forces to participate in shaping activities and to respond to contingencies in the region. In the medium- to long-term, sequestration limits our ability to most effectively modernize or restructure forces to meet future regional security challenges. The Army maintains a robust, forward presence in the region including 8 Active component BCTs, 12 Patriot batteries, and numerous theater enabling units. Yet the nature of the sequestration cuts has led to a sharp reduction in training budgets, leaving most units assigned to the theater at reduced readiness levels. Without ready forces, we will find it increasingly difficult to sustain the quality and quantity of activities that demonstrate American leadership and commitment. As the Army continues to balance global obligations, we have prioritized key assets and capabilities and aligned a Corps Headquarters and additional enabler units to the region. We presently consider these commitments and capabilities sustainable, but a prolonged sequester may require cuts in both force structure and modernization that significantly decrease the Army's ability to meet future security challenges. At a time when many Asia-Pacific nations are using their recent prosperity to modernize or expand their militaries, the Army cannot continue to play a stabilizing role in the region if investments in force structure and future capabilities do not at least keep pace.

Admiral GREENERT. I remain committed to providing support to our allies in the Asia-Pacific region and our fiscal year 2014 President's budget submission proposed increasing presence in the Asia-Pacific region from about 50 ships today to about 60 ships in 2020, consistent with the DSG's direction to rebalance to that region. We are considering numerous options, including forward basing more of our forces

overseas to maximize the presence they provide. With our priorities focused on the Asia-Pacific region, we will have to take risk elsewhere.

General AMOS. The President has made clear that the rebalance to the Asia-Pacific region, including restationing within and off Okinawa, is a whole-of-government effort that is the result of our enduring U.S. interests in the Asia-Pacific region. While our interests will endure, the budget constraints of sequestration may require a change in the pace and scope of some of DOD's activities in the Asia-Pacific region, but not the priority of the region to the United States.

In the long-term, sequestration will delay and potentially lengthen the timeframe for completion of the U.S. Government/Government of Japan Distributed Laydown. Additionally, sequestration reduces strategic mobility, or Intra-theater lift requirements and the ability of those Pacific-based forces, such as the 31st Marine Expeditionary Unit and Marine Air Group-12 which use Guam and the Commonwealth of the Northern Mariana Islands training ranges for sustainment of unit-level and MAGTF training.

General WELSH. Sequestration will pose many challenges for the Air Force in the rebalance to the Asia-Pacific region. Despite these challenges, sequestration is providing an opportunity to relook at how we do business while we continue to prepare for high intensity conflict. Ensuring we provide deterrence in Asia, in close collaboration with the other Services and our allies, is critical to our success.

One of the ways the United States demonstrates its commitment to the region is by stationing the majority of the Air Force's permanent overseas forces in the Asia-Pacific region. This airpower regional presence, combined with CONUS-based forces, provides critical operational capabilities to the PACOM Commander. We must work to protect and preserve our forward presence in the Asia-Pacific region.

Under sequestration-level funding, we are unable to maintain mission readiness levels, our training programs will be unable to meet current production targets, and we are creating a bow wave in critical aircraft maintenance and modernization. This will result in reduced combat power from a smaller, less capable, and less ready force, thereby increasing national security risk.

Additionally, major components of the Air Force's Asia-Pacific rebalance strategy include Theater Security Cooperation, Joint Cooperation/Operational Concept Development (Air-Sea Battle), Force Posture, Base Resiliency, and Investment/Modernization. Specifically, we have programmed substantial funding to enhance our capability for expedient repair of our major Pacific bases. While less visible than aircraft on the ramp, this represents a major commitment to the region. The Air Force continues to work on Pacific Airpower Resiliency studies to inform our future priorities. The United States has done virtually no hardening for some 30 years.

Regardless of the budget levels, the Air Force remains committed to the key tenets of the DSG. Sequestration may slow our efforts, but we cannot let it stop them. Between force presence and infrastructure improvements, our warfighting credibility and our operational resiliency commitment will be demonstrated to our partners and allies and messaged to our potential adversaries.

87. Senator LEE. General Odierno, Admiral Greenert, General Amos, and General Welsh, will we be able to shift to the Pacific and still maintain our ability to fight terrorism and deter the Iranian threat in the Middle East?

General ODIERNO. Unless something is done to mitigate the magnitude, method, and speed of the reductions under the BCA, the Army will be forced to make significant reductions in force structure and end strength. Such reductions will not allow us to fully execute the 2012 DSG and will make it very difficult to conduct even one sustained major combat operation.

Admiral GREENERT. Our fiscal year 2014 President's budget submission planned to increase presence in the Asia-Pacific region from about 50 ships today to about 60 ships in 2020, consistent with the DSG's direction to rebalance to that region. If fiscally constrained to the revised discretionary caps over the long-term, the Navy of 2020 would not be able to execute the missions described in the DSG. In one potential scenario, Navy would not increase presence in the Asia-Pacific region, which would stay at about 50 ships in 2020. This would largely negate the ship force structure portion of our plan to rebalance to the Asia-Pacific region directed by the DSG.

The Navy's fiscal year 2014 President's budget submission would "place a premium on U.S. military presence in-and in support of-partner nations" in the Middle East. Since presence would decrease and, assuming we use the same ship deployment scheme in the future, there would be gaps in CSG presence totaling 2 to 3 months each year.

Under the fiscal year 2014 President's budget, we would have the capacity to conduct widely distributed counterterrorism and irregular warfare missions. According to our FSA, this requires one AFSB in the Arabian Gulf and one AFSB in the Gulf

of Aden, four LCS, with two deployed in various locations worldwide and six MQ-8B/C Fire Scout unmanned air vehicles operating from these platforms. Under long-term revised discretionary caps, we would not have the capacity to conduct widely distributed counterterrorism and irregular warfare missions, as defined in the DSG.

General AMOS. We must maintain a force that can balance a focus on the Asia-Pacific region with a sustainable emphasis on the Middle East, combined with a continuous effort to counter violent extremists operating across multiple domains.

Based on the detailed planning the Marine Corps has done, a force design of 175,000 is the lowest temporary level that can retain America's crisis response force within sequestration level budgets. This provides a minimum acceptable level of readiness, while maintaining forward presence as a part of the Navy-Marine Corps team. Further reductions will incur heightened, and in some cases prohibitive risk to the National Security Strategy.

General WELSH. The Air Force's ability to provide the joint force with Global Vigilance, Global Reach, and Global Power make it particularly well-suited for the rebalance to the Asia-Pacific region, while still maintaining our ability to deter aggression in the Middle East. The arbitrary nature of sequestration, however, puts that ability in jeopardy due to reduced flying hours, curtailed major exercises, and overall reductions in force structure, readiness, and modernization. We will become a smaller force, but there is a limit to how small we can get and still fulfill our DSG obligations due to an increasingly slim margin in capacity.

SEQUESTRATION AND THE QUADRENNIAL DEFENSE REVIEW

88. Senator LEE. General Odierno, Admiral Greenert, General Amos, and General Welsh, how is sequestration factoring into the writing of the Quadrennial Defense Review (QDR) for next year?

General ODIERNO. The QDR is evaluating the demands of the emerging security environment and examining a wide range of options for sizing and shaping U.S. forces accordingly. The review has been undertaken in the context of generally tightening resource constraints on DOD and includes consideration of the potential implications of sequestration on the Nation's ability to execute an appropriate defense strategy. I anticipate that the QDR report will address those implications when published.

Admiral GREENERT. As stated in the QDR Terms of Reference, "The QDR will update the defense strategy as appropriate, aiming to provide a strategy that is executable at low-to-medium risk, while accounting for the prevailing financial outlook of potential deep cuts to the Department's budgetary top line, in both level and backloaded profiles."

General AMOS. In contrast to the SCMR process, which was fiscally constrained, the QDR is fiscally informed. In other words, the QDR focus is different—it is focused on developing the right strategy and force planning construct for the future security environment, not on meeting targeted budget reductions. Our staff involved in the QDR process fully understands that we must account for today's fiscal pressures as we develop the right strategy and force planning construct. We must ensure that we are developing an affordable strategy, but we also need to be clear on what capabilities DOD needs to protect or even enhance, despite fiscal pressures. Striking that balance is the challenge of the QDR, and I believe that we are on the correct path to achieve that balance.

General WELSH. The QDR is a comprehensive examination of national defense strategy, force structure, force modernization plans, infrastructure, budget plan amongst other elements of the defense program, and policies as required by title 10 U.S.C. section 118. Along this line, sequestration constraints will be considered when developing near-term and long-term defense strategy, force structure, and capabilities to ensure a realistic and implementable national defense strategy. However, as OSD has previously stated, considerations of national objectives, threats, strategy, and military capabilities should be wide-ranging enough to provide decisionmakers with insights about consequences and associated levels of risk for different levels of resources.

89. Senator LEE. General Odierno, Admiral Greenert, General Amos, and General Welsh, will we see changes in our strategic objectives and priorities because of budget restraints?

General ODIERNO. While the Secretary of Defense or the Chairman of the Joint Chiefs of Staff are better positioned to answer this question, I think it is clear that we can expect to see some refinement of our strategic objectives and priorities as DOD fully implements the 2011 BCA.

The President's January 2012 DSG provides a starting point for refining objectives and priorities. As you will recall, the guidance directs that the Armed Forces not size for large-scale, long-term stability operations. To the Army, that means reducing or taking risk in the forces providing depth and endurance for post-conflict operations designed to transform battlefield success into enduring political and security stability. We have regularly mobilized and deployed many of these forces over the past 12 years, but the January 2012 guidance reduces that priority.

Clearly articulating to the President and Congress what our Armed Forces can and cannot do at reduced funding levels, and the associated risk, is a critically important step in this process. We owe it to our political leaders, as well as our soldiers and their families, not to create political expectations that our military cannot achieve.

As we look to the future, we will need to see the world as it is, not as we might like it to be. A host of factors including weapons proliferation, climate change, cultural and religious differences, wealth disparity, and access to global information, will likely increase challenges faced by many governments, some of whom are important to the security the United States and our allies. Security challenges related to failing states and ungoverned territories will likely remain for the foreseeable future. Addressing these challenges, alongside key allies and interested partners, will remain a fundamentally human endeavor, requiring U.S. ground forces that are well-led, well-equipped, and well-trained. These past 12 years of war have taught us, as a Nation, that there is no substitute for an adequately sized, ready, and responsive Army that helps to shape the world in which we live, prevent miscalculation and conflict, and decisively defeat aggression directed against American citizens, territory, and interests.

Admiral GREENERT. The standard that guides our current planning, programming, and budgeting is the 2012 DSG and its objectives for the Joint Force. Our 2014 President's budget submission was designed to execute the DSG with acceptable risk. The DSG incorporated the first set of BCA-mandated budget reductions and directed the military to address "the projected security environment" and to "recalibrate its capabilities and make selective additional investments to succeed in the missions" of the Armed Forces. If fiscally constrained to the revised discretionary caps, over the long-term (2013 to 2023) the Navy of 2020 would not be able to execute the missions described in the DSG, requiring a reassessment of our strategic objectives and priorities.

General AMOS. Without modification to either the defense strategy or the budget, the mid- and far-term effects of sequestration will force DOD to re-evaluate its objectives and priorities.

General WELSH. The overall strategic objectives and priorities for DOD will not change, however the fiscal realities of sequestration will require hard choices and tradeoffs. These choices will be informed by the strategic priorities laid out in the QDR.

BIGGEST THREATS FACING THE UNITED STATES IN THE NEXT DECADE

90. Senator LEE. General Odierno, Admiral Greenert, General Amos, and General Welsh, what do you think are the biggest threats the United States will have to face in the next decade?

General ODIERNO. Al Qaeda core and its regional allies and franchises will remain capable of threatening U.S. regional allies and interests, and are continuing to seek opportunities to conduct international attacks. Additionally, new terrorist groups aided by infusions of al Qaeda personnel have emerged in the wake of the Arab Spring.

Political turbulence and the ensuing instability initiated with the Arab Awakening in early 2011 will continue to generate challenges for domestic and regional security in the Middle East. Nascent Governments in Libya, Tunisia, Egypt, Yemen and Iraq will struggle to satisfy national demands while confronting extremists attempting to shape government policy through violence. The United States will be the object of dissident frustrations and terrorist attacks ranging from isolated incidents against local western interests to military and diplomatic missions. The U.S. Army will be called upon to assist regional partners in strengthening security service capabilities and responding to emergency stability operations that likely will include protecting U.S. citizens and interests in the region.

Even with the interim agreement on Iran's nuclear program, the Persian Gulf will continue to experience regional tensions and continued Iranian initiated subversive activities that include attacks on U.S. regional interests.

Although China and the United States share many interests, China continues to modernize and expand its armed forces while claiming sovereignty over territories in the East and South China Seas that are also claimed by U.S. friends and allies. China's uncompromising and assertive behavior is heightening tensions and increasing the danger of accidental escalation. Prospects for a near-term Taiwan crisis appear low, but the balance of regional military forces continues to shift in China's favor.

The Democratic People's Republic of Korea remains a critical security challenge. North Korea has repeatedly demonstrated its willingness to undertake provocative and destabilizing behavior, including attacks on the Republic of Korea (ROK). Its pursuit of nuclear weapons and long-range ballistic missiles and willingness to proliferate weapons in contravention of its international agreements and United Nations Security Council Resolutions further highlights its threat to the region.

North Korea fields a large, forward-deployed military that retains the capability to inflict serious damage on the ROK, despite significant resource shortfalls and aging hardware. The North Korean military is also well-postured to conduct limited attacks with little or no warning, such as the 2010 sinking of a South Korean warship and the artillery bombardment of a South Korean island along the Northern Limit Line.

Russia still views the United States/North Atlantic Treaty Organization (NATO) as its primary threat and is increasing its military budget in order to modernize and reform its armed forces. It is using its military capabilities, energy resources, and growing economic power to intimidate countries in its "near abroad" into joining Russian-dominated military and economic organizations. Russia continues to support the Syrian regime and is attempting to reduce United States influence globally, especially in the Middle East and Africa through increased arms sales. Russia is aggressively asserting greater territorial claims in the Arctic.

In Latin America, transnational criminal organizations (TCO) are an expanding problem. Particularly in Central America, TCOs have grown so large and well-financed that they are threatening the authority of the governments and the political and economic stability of the countries. Approximately half the forces of the militaries of Guatemala, Honduras, and El Salvador are tasked with fighting and assisting police against the TCOs. The regional militaries are asking for additional help combating TCOs.

The terror threat from al Qaeda linked groups in Africa has been growing steadily. Africa's Islamists are able to take advantage of the continent's porous borders; weak and corrupt central governments; undertrained and underequipped militaries; flourishing drug trades that provide a steady source of income; and, vast lawless spaces.

NATO and our European allies make critical contributions to our global operations, but they face significant defense cuts that will reduce the size and capability of their ground forces with possible adverse effects on future coalition operations.

Admiral GREENERT. It is hard to predict future threats and our historical record in this is poor. However, we believe we will face a broad array of diverse threats and challenges to the Nation's security over the next 10 years. Among the most concerning are cyber, threats to access, proliferation of weapons of mass destruction, and militant extremism.

General AMOS. The DSG describes future threats, challenges, and opportunities—I continue to support its full implementation. Future threats to the United States will emanate from a security environment defined by violent extremism, battles for influence, disruptive societal transitions, natural disasters, extremist messages, and manipulative politics. We must be prepared to confront them successfully. Over the next decade, the world will see criminal enterprises wield combat power formerly only associated with nation states and experience separatism, extremism, and intolerance that will lead to terrorism, protests, and violence. In this context, new technologies will place modern weapons into the hands of developing states and non-state actors while the development and proliferation of advanced conventional weapons challenges our ability to project power or gain access.

General WELSH. From an Air Force perspective, we will see adversaries possess the capability to degrade our ability to operate in air, space, and cyberspace. A growing number of adversaries will be able to sustain effective interference in multiple domains, creating highly-contested environments. High-end threats from integrated advanced technologies, systems, and training will increase. In the mid-term, a near-peer competitor will emerge capable of producing, acquiring, and integrating high-end air, space, and cyberspace capabilities that rival or equal our own. The growth of highly-contested environments will overmatch the Air Force's current capabilities.

91. Senator LEE. General Odierno, Admiral Greenert, General Amos, and General Welsh, will we have the readiness in coming years to execute operational plans to neutralize these threats?

General ODIERNO. Under the funding levels of the President's budget proposal, which defer the largest funding reductions until 2018, we can maintain a ready force, albeit a smaller one, that can meet the requirements of the 2012 DSG.

Under the funding levels of the current law, in contrast, the Army will be "sized-to-budget." In my professional military judgment, these projected end strength and force structure levels would not enable the Army to fully execute the 2012 DSG requirements to defeat an adversary in one major combat operation while simultaneously denying the objectives of an adversary in a second theater. Additionally, it is unlikely that the Army would be able to defeat an adversary quickly and decisively should they be called upon to engage in a single, sustained major combat operation.

Admiral GREENERT. Currently, the reductions in fleet training we are compelled to make result in only one nondeployed CSG and one non-deployed ARG trained and ready for surge operations, while some combatant commander plans notionally require three of each ready to deploy within about 2 weeks of a crisis occurring. Sequestration in fiscal year 2014, particularly if combined with restrictions of a CR, will continue to reduce our readiness in the near-term.

General AMOS. The impacts we face in terms of readiness have primary and secondary effects. While the primary effects on short-term readiness will begin to be observable in fiscal year 2014, the longer-term effects will be even more devastating. We are realigning funds from longer-term activities to protect the short-term readiness of our combat deployed marines. While these adaptations are necessary, the continued maintenance of the short-term readiness of our current force comes at the expense of those who will follow in their footsteps. We are consuming tomorrow's seed corn to feed today's requirements, leaving ever less to plant for the future.

The abruptness and inflexibility of sequestration will force us to mortgage the condition of our equipment and could erode our readiness to dangerous levels. The indiscriminate nature of sequestration is creating its very own national security problem. Within a year, we will see real impact to all home station units and the beginning of impacts to our next-to-deploy and some deployed forces ... the beginnings of a hollow force we have fought so hard to avoid.

General WELSH. The Air Force was below its readiness requirements to meet the DSG before sequester as a result of 20+ years of continuous combat operations. The 2014 President's budget request represented a deliberate attempt to regain and restore Air Force full-spectrum readiness. Unfortunately, fiscal year 2013 sequester impacts, coupled with the government shutdown and continued budgetary uncertainties, have caused readiness to continue to decline. Although today, the Air Force maintains the capability to prevail in a single conflict, it comes at a cost to the full-spectrum training and readiness for any additional operational plan or contingency execution. If budgetary constraints continue, it is highly unlikely the Air Force will have the required ready units to meet its wartime requirements with ready forces for the foreseeable future.

92. Senator LEE. General Odierno, Admiral Greenert, General Amos, and General Welsh, if we have to engage in military action against these threats, what further effect will it have on our readiness gap?

General ODIERNO. To meet the military needs of the Nation, the Army must have a capability to do a multi-phase, combined arms, joint campaign in a very complex environment that includes a conventional opponent, irregular warfare, and counter-insurgency. A single major conflict will exhaust this capability, depleting any ready forces for another contingency.

Admiral GREENERT. If constrained to the BCA revised discretionary caps in the long-term, we would not be able to conduct one large-scale operation and also counter aggression by an opportunistic aggressor in a second theater. Under one fiscal and programmatic scenario, the fleet in 2020 would have 9 to 10 CVN/CSG and 9 to 10 LHA/D and ARG. We would be able to sustain about one non-deployed CSG and one non-deployed ARG fully certified and able to surge on required timelines. Together, our presence and surge forces would be sufficient to conduct all missions associated with only one large-scale operation, as defined today.

General AMOS. As a result of the BCA and sequestration, the Marine Corps' readiness model is already out of balance. To maintain readiness, I have been forced to realign funds from longer-term activities to protect the near-term readiness of our currently deployed forces. If we have to send our forces into combat before the force is fully reset, it will only widen the current readiness gap.

Sustained combat operations in the Middle East have placed enormous demands on our equipment. The Marine Corps does not anticipate a post-OEF operational pause whereby the Service will have the luxury of focusing exclusively on reset and reconstitution. The Marine Corps must remain ready to respond to unforeseen crises. This means reset will occur in stride with current operations and the larger reconstitution effort to ensure operating forces go to combat fully equipped, with mission capable equipment.

A current Marine Corps operating assumption is that we will be funded to our identified reset liability level. Appropriations short of this amount already jeopardize our required readiness levels for post Operation Enduring Freedom reset.

General WELSH. Engaging in military action against a threat will have a negative impact to our readiness levels. While engaged with a threat, airmen do not retain proficiency in other core skills required to maintain readiness. The Air Force is already on a 20+ year downward trend in readiness due to continued operational demand, coupled with a shrinking force. Add to this trend the recent sequestration driven cuts and our forces may not be sufficiently trained and ready to meet a future threat. These factors increase risk to personnel and equipment and could put desired outcomes in jeopardy. Unfortunately, it takes even more sorties and money to retrain a squadron whose readiness has atrophied than it takes to keep it trained and ready. These factors will only widen the readiness gap until we can change our current course.

DEPOT AND MODERNIZATION WORK DELAYS

93. Senator LEE. General Welsh, I appreciate the time we have spent discussing issues important to the Air Force. In the House Armed Services Committee sequestration hearing in September, you outlined the F-35, the KC-46, and the new LRB as the Service's top priorities, but stated that the sequester could threaten those programs, as well as programs of lower priority. Can you describe your concerns about what specifically could happen to new acquisitions and to legacy platforms that require depot work and modernization?

General WELSH. The effects of sequestration disrupt major defense acquisition programs throughout the development, fielding, and sustainment phases. The effects may not be immediately apparent to the American public, but the damage could be disastrous. Should we face a high-end threat in the future, the impact of not investing in new technologies and modernization will be deadly. Program disruptions and acquisition delays will, over time, cost more taxpayer dollars to rectify contract breaches, will raise unit costs, and will ultimately delay delivery of critical equipment to combatant commanders.

We must continue to maintain and modernize legacy platforms essential to a full range of combat operations. Under continued sequester, we face delays to depot maintenance through both organic and contract sources on critical aircraft, engines, and space systems. Over time, delays will add to a bow wave of maintenance that will eventually ground aircraft and disrupt capabilities to critical combat support systems in air, space, and cyberspace domains. Delays in depot maintenance and upgrades to missile warning and space surveillance tracking will significantly impact national missile defense and space situational awareness, ultimately hurting our intelligence community. Relief from sequester and investment in these weapon systems is essential to prevent the looming impact to combat readiness.

Sequestration cuts deeply into Air Force investment accounts, which under the law must be applied equally at the program, project, and activity level; consequently, it impacts every one of the Air Force's acquisition programs. For example, a potential fiscal year 2014 sequestration impact for the F-35A low rate initial production, relative to the request, could be the loss of 4 to 5 aircraft from the requested amount of 19. This potential reduction will increase unit costs resulting in production funding shortfalls.

94. Senator LEE. General Welsh, will it be more expensive to delay depot and modernization work that will have to be made up in the future?

General WELSH. Delays to depot maintenance create a bow wave of requirements. As the bow wave builds, stress on depot capacity increases. Eventually, aircraft will be grounded awaiting depot maintenance, which will decrease aircraft availability to the warfighter. It is essential that we fund and execute depot maintenance and modernization to preclude these costs. Further, planned maintenance in the current fiscal year that is delayed to future fiscal years can drive idle production shops and degrade workforce proficiency and productivity. Ultimately, a loss of efficiency can drive future volatility to labor rates and operational costs. These impacts may also

carry forward to our industry partners driving unanticipated bills to the Air Force as we try to best utilize our limited funds to meet our highest priority requirements. All of these sequestration impacts will affect the Air Force's ability to maintain full-spectrum readiness.

NUCLEAR FORCES

95. Senator LEE. Admiral Greenert and General Welsh, can you outline what effect the prolonged sequestration will have on our current ICBM, ballistic missile submarine, and strategic bomber forces?

Admiral GREENERT. Due to its national importance, the Navy will maintain a credible and modernized sea-based strategic deterrent even if it results in taking risks in other missions of the Navy. However, without congressional action or mitigating circumstances, sequestration in fiscal year 2014 will delay the planned start of construction of the first SSBN(X) from fiscal year 2021 to fiscal year 2022. This would cause us to be unable to meet STRATCOM presence requirements when the *Ohio*-class SSBN retires.

General WELSH. The Air Force will ensure continued focus on maintaining a strong nuclear deterrent, but prolonged sequestration will force difficult choices concerning nuclear modernization and sustainment programs. Prolonged sequestration would drive changes to modernization and sustainment schedules, including badly needed sustainment of maintenance and storage facilities. These schedule changes would delay our ability to field the capabilities necessary to meet critical weapon system requirements, and might also result in the need for costly, currently unplanned, life extension programs.

96. Senator LEE. Admiral Greenert and General Welsh, what effect do you believe it will have on our overall strategic deterrent?

Admiral GREENERT. Due to its national importance, the Navy will maintain a credible and modernized sea-based strategic deterrent even if it results in taking risks in other missions of the Navy. However, without congressional action or mitigating circumstances, sequestration in fiscal year 2014 will delay the planned start of construction of the first SSBN(X) from fiscal year 2021 to fiscal year 2022. This would cause us to be unable to meet STRATCOM presence requirements when the *Ohio*-class SSBN retires.

General WELSH. Our nuclear triad continues to play an essential role in deterring potential adversaries, providing extended deterrence, and reassuring our allies and partners of our commitment to their security. As reflected in the 2010 NPR, maintaining and modernizing the air and land-based legs of the triad is critical to our national security and remains a top Air Force priority.

In the near-term, the Air Force has successfully managed the impact of sequestration on nuclear deterrence operations—ensuring that our strategic forces remain safe, secure, and effective day-to-day. However, beyond the current fiscal year, the impacts of prolonged sequestration are largely unknown and are cause for concern. Continued sequestration would create significant risks to sustainment and modernization programs for our nuclear-capable bomber, dual-capable aircraft, and ICBM forces, resulting in negative mission impacts and potentially undermining core readiness of our nuclear deterrent.

MISSILE DEFENSE

97. Senator LEE. Admiral Greenert, what effect will a continued sequester have on our missile defense plans in Europe and the deployment of naval assets with the Aegis System?

Admiral GREENERT. Even if the sequester continues in fiscal year 2014 and beyond, Navy would still evolve our posture in Europe by meeting our ballistic missile defense (BMD) European Phased Adaptive Approach requirements with four BMD-capable DDGs homeported in Rota, Spain, and two land-based sites in Romania and Poland.

98. Senator LEE. Admiral Greenert, what will be the cumulative effect on our ability to guard against missile threats from the Middle East or North Korea?

Admiral GREENERT. Prolonged sequestration, with BCA-level top lines, would hamper Navy's ability to guard against missile threats and pace the advancements of potential adversary A2/AD capabilities by decreasing our forward presence and requiring us to slow the fielding of the AMDR aboard DDG-51 Flight III warships.

MIX OF FOREIGN- AND HOME-BASED TROOPS

99. Senator LEE. General Odierno and General Amos, at a speech at the Center for Strategic and International Studies on Tuesday, Secretary of Defense Chuck Hagel stated that DOD would reconsider its mix of Active-Duty and Reserve Forces, as well as the mix of foreign-based and home-stationed troops. Do you have any further information on these plans?

General ODIERNO. The Army must maintain a balance between end strength, readiness, and modernization as we consider future strategic implications. As for force mix, I do not envision significant migration of force structure between the Active and Reserve components. As we drawdown and rebalance, I would continue to see the Active component as that portion of the force best suited for unpredictable and frequent employments, for dealing with complex operational environments, and for dealing with unexpected contingencies. I would see the Reserve components best suited for predictable and infrequent deployments, for providing title 32 support to State and local authorities, and for providing operational and strategic depth. The first two brigades the Army reduced were two of the four stationed in Europe. The decision to reduce these two brigades first was based on a joint Army DOD reassessment of the U.S. global strategy and posture in the European Command area of responsibility in light of the emerging defense strategy. There are no plans to reduce additional overseas units.

General AMOS. The Marine Corps has done a considerable amount of analysis of the mix of Active Duty and Reserve component forces. In our analysis we have determined that a Reserve Force of 39,600 is robust enough to provide us the strategic depth to augment the Active component in the event of multiple major contingency operations while being manageable enough for us to man, train, and equip. This size Reserve Force also affords the Marine Corps enough capacity to provide operational tempo relief critical for those types of forces that are in high demand during steady state operations.

With respect to foreign-based and home-stationed troops, we have taken a very close look at the distribution of our force as we look to re-posture to the Pacific. We feel that our current disposition affords the Nation a great deal of responsiveness as demonstrated most recently by the timely response by the Navy/Marine Corps team to the humanitarian operations in the Philippines. Our posture in the Pacific also provides the Nation a significant strategic capability by having forces in a position to rapidly respond to a major contingency operation in the Pacific.

100. Senator LEE. General Odierno and General Amos, are you considering reducing the number of Active-Duty Forces and increasing Reserve and Guard Forces, and downsizing our overseas presence?

General ODIERNO. The Army must maintain a balance between end strength, readiness, and modernization as we consider future strategic implications. As for force mix, I do not envision significant migration of force structure between the Active and Reserve components. As for overseas basing, the first two brigades the Army reduced were two of the four stationed in Europe. The decision to reduce these two brigades first was based on a joint Army DOD re-assessment of the U.S. global strategy and posture in the European Command area of responsibility in light of the emerging defense strategy. There are no plans to reduce additional overseas units.

General AMOS. No. In 2010, the Service conducted a Force Structure Review, which reduced the Active component force from 202,000 in fiscal year 2011 to 186,800 by fiscal year 2016. As part of this reduction there was some capability that was transferred from the Active to the Reserve component such as an additional tank company, a bridge company, combat engineer company, and amphibious assault company. However, the overall end strength of the Reserve component (39,600) was not changed.

In subsequent service structure reviews, the Active end strength was reduced from 186,800 to 182,100 and finally to 175,000 by fiscal year 2017. During this last Active component reduction there was a loss of capacity but not capability, and the Reserve component was also reduced to 38,500 by fiscal year 2017. This reduction was based on the future mission requirements of the Marine Corps Total Force and what Reserve component support was required.

Future end strength reductions for either the Active component or Reserve component will be considered based on future mission requirements as well as budgetary limitations. Additionally, while overall Active component billet requirements reduced, the overseas billet requirements actually increased at the same time. A summary is below:

Fiscal Year 2011 (202k): 18,204;
Fiscal Year 2016 (182k): 19,708; and
Fiscal Year 2017 (175k): 19,358.

[Whereupon, at 12:04 p.m., the committee adjourned.]

